

CHANGES IN THE TAXATION OF PERSONAL AND CORPORATE INCOME IN DEVELOPED COUNTRIES

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Abstract

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Over the past ten years, the tax policies have responded in two stages: for the period of a swift economic growth by 2008, and during the rapid economic recession over the period of 2009–2010. In the first part of the paper, we summarise changes in the businesses environment in developed countries. In its second part, the paper discusses changes of the personal and corporate taxation in developed countries, their structure and impacts of the economic crisis on the tax revenues and tax structures. The last part analyses and discusses changes in the tax policy in the field of business and labour taxation. Our results show that the business taxation, compared to the personal taxation, depends stronger on the economic cycle. Although the structure of tax revenues in the developed countries has not changed significantly over the past ten years, decreasing of the personal and corporate tax rates has stopped.

business, corporate taxation, European Union, personal income taxation

Over the past ten years, the tax policies have responded in two stages: for the period of a swift economic growth by 2008, and during the rapid economic recession over the period of 2009–2010. Towards these changes in the economic development responded both the monetary and fiscal policy, including changes in the taxation of households and firms. At the same time, there was a sharp increase in budget deficits causing a pressure also on the tax systems. This paper focuses on comparison of the international development in personal and corporate incomes over the past ten years, with an emphasis on the years 2007–2010.

For the analysis of the crisis period, except for the texts and statistics of the OECD, EC and IMF there are not available any comprehensive data sources. Used will therefore be data collected by from the government statistics by Eurostat (Eurostat, EC, 2011, EC (2011, 2011b) and OECD (2010, 2011). The government finance statistics of IMF was not used.

For the analysis of a tax system development was as a standard chosen the method of cross-sectional comparison of the development of selected macro

and micro indicators of the tax systems. Furthermore were used the simple regression and the confidence level of dependence, which allow to identify the links between two variables (in this case e.g. changes in tax revenues and changes in the output growth). Both these approaches are widely used both in policy and academic studies. The results of these two analytical approaches are generalized in the end of the paper.

Structure of the paper is as follows. In the first part of the paper, we summarise changes in the businesses environment in developed countries. In the second part, the paper discusses changes of the personal and corporate taxation in developed countries and impacts of the economic crisis on the tax revenues and tax structures. The last part analyses and discusses changes in the tax policy in the domain of business and labour taxation.

Macroeconomic business framework

Developed (OECD) countries went over the past decade through two types of economic

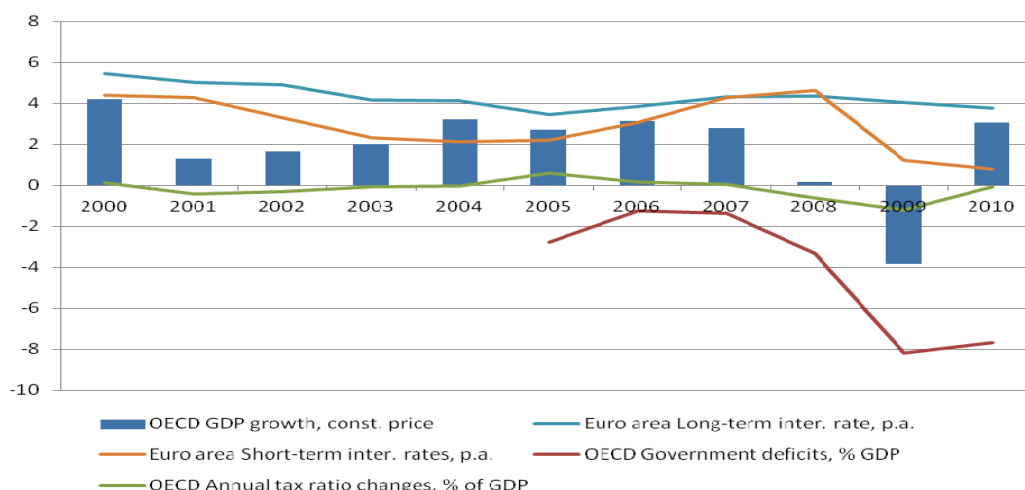
development. Within the first eight years (2000–2007), their economies in real terms (at constant prices) grew on average by almost 2.5% p.a. For the rest of the decade and especially in 2008 and 2009, however, they recorded a sharp deterioration in the economic development and the majority of advanced economies (in Europe with a single exception of Poland) fell into recession. Although the discussion on the source of the main growth impetus over the past decade has not yet been in the literature concluded (Izák, 2011; Schularick and Steger, 2010; Dvořák, 2008), the main growth drivers likely included the rapidly expanding foreign trade, positive growth effects of the EMU and relaxed monetary and fiscal policies.

In principle, government influence the business using three relatively market-conformal channels. First it is the monetary policy and its instruments (interest rates, reserves, monetary emission). The second set of instruments (taxes and expenditures) is included in the fiscal policy which type is externally manifested by the general government deficit. The third way by which governments

attempt to influence the economic performance represent different forms of regulations.

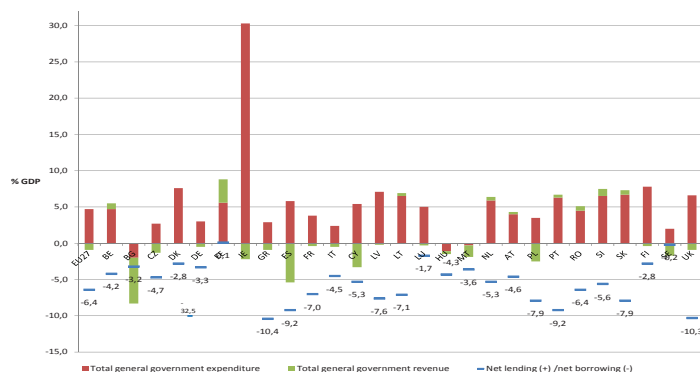
From the following chart it is evident that between 2006 and 2007 the governments in developed countries attempted to tighten the monetary and fiscal policy. This is particularly apparent in the increase of short-term interest rates and the reduction of total government deficits. However, as a reaction to an unexpected and sharp decline in economies, since 2008 have both interest rates rapidly and strongly relaxed (rates in the eurozone have reached their historic minima) and, in particular, dramatically increased deficits and subsequently the public debt in all developed countries.

The fiscal policy of developed countries consists of two groups of instruments that influence the business. The first and most important group is represented by taxes that are statutorily imposed or effectively impact business entities – self-employed or firms. Less significant by volume but nevertheless essential from the sector-related view and important for an operation of a non-distortive market is the instrument of a state aid. Its share on the GDP in



1: Monetary and fiscal policy in OECD/EU countries during the past decade

Source: OECD (2011)



2: Changes in budgets' balances 2008–2010, net lending/borrowing 2010

Source: Data from EC – Eurostat (2011)

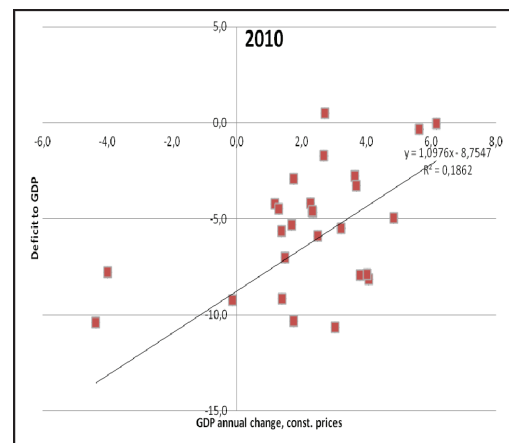
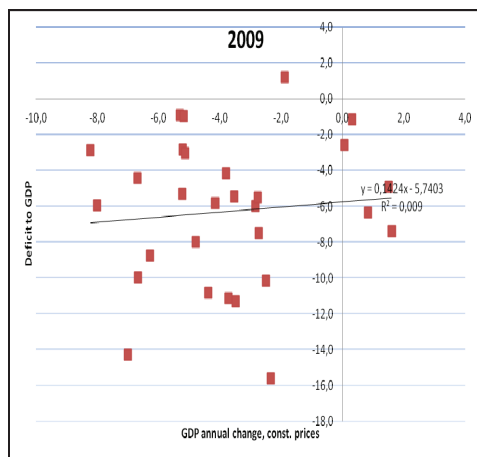
recent years has increased more than seven times, especially due to the support of banks affected by the financial crisis in 2008–2009. This support had different forms – usually it was a guarantee or a takeover of banks in a trouble (Vitek, 2011).

As depicted by the following chart, data for the three years of the financial and economic crisis indicate a strong deterioration in central government deficits (by about 5.5% of the GDP) caused mainly by the increase in public expenditures (about 4.7% of the GDP, of which social transfers were 2% of the GDP and the rest were public aid to businesses). Therefore, the decline in tax revenues by about 0.9% of the GDP between the years 2008–2010 has not been responsible for even a 20% increase in the government deficits.

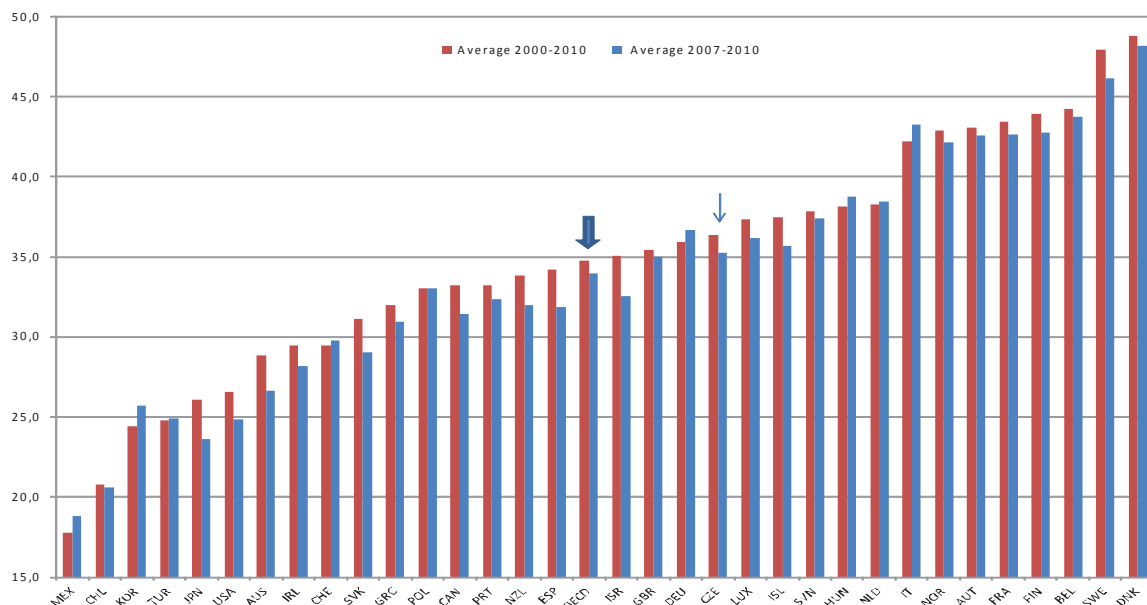
In 2007, we may see a real growth in all countries, but in spite of this, more than half of the countries have deficits, usually up to 3% of the GDP. In 2008, economies start to slow down and deficits deepen; much of the countries still retained surplus budgets. In 2009, almost all the countries are in recession and with the exception of Switzerland, all have deficits, usually between 4–10% of the GDP. In 2010, the growth renews in almost all countries but deficits remain – usually between 4–8% of the GDP.

Changes in taxation of incomes in developed countries

As shown, the tax quota (i.e. the ratio of taxes to the GDP) in developed countries slightly varies, but these changes are very small. This phenomenon may



3: Government deficits vs. GDP growth (2007–2010)
Source: Data from OECD (2011)



4: Tax to GDP ratios in OECD 2000–2010
Source: Data from OECD (2011)

be interpreted in two ways. Either that tax systems are very stable and resistant to slight variations in the economic development; provided the economy slightly accelerates or decelerates, this is reflected equally also in tax revenues and the indicator of the tax/GDP ratio remains almost unchanged.

The second interpretation is based on the fact that tax systems through their structural elements (e.g. progressive personal tax rates, slow indexing of deductions or discounts, nominal rates of certain taxes, etc.) spontaneously increase or reduce the share of taxation in the economy. However, using discretionary *ad hoc* measures, the governments neutralise these effects and thus maintain the tax quota more or less at the same level.

Irrespective of which explanation is valid (due to the lack of data on impacts of *ad hoc* changes, the second hypothesis cannot be tested), the previous chart shows that the variability of the taxation of businesses as well as consumers is in developed countries high. On the one hand there are countries whose tax burden is around 20% of the GDP (Mexico, Chile), on the other hand in Europe there are countries with a tax quota of almost 50% (Sweden, Denmark).

These differences are to some extent due to methodological difficulties with the reporting of tax revenues (particularly because of the different extent to which are covered payments towards the social security system – for details see Hrdlička *et al.*, 2010). Nevertheless, even after filtering this effect out, developed countries may be roughly divided into three groups: countries with a low tax quota of up to 30%, countries with a moderately high tax quota of between 30–45% and countries with a high taxation of over 45%.

The chart also indicates that compared to the entire decade, during 2007–2010 the vast majority of countries reduced its overall taxation. As we have

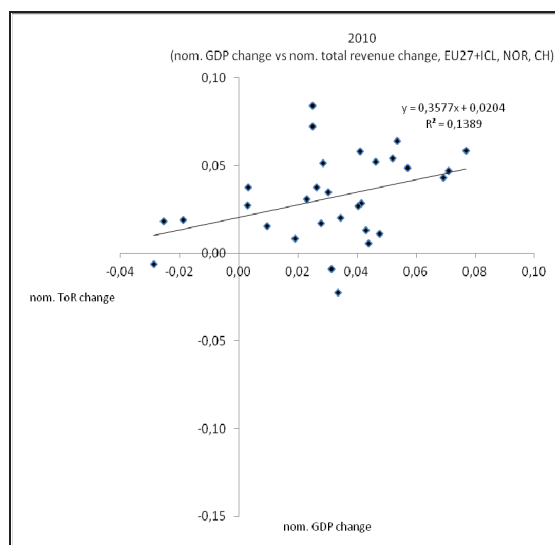
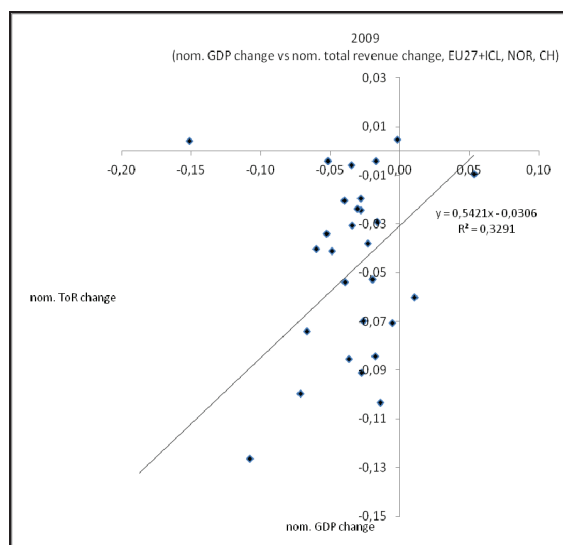
mentioned above, this may be either consequence of the sharp drop in tax revenues due to the recession (especially taxes on corporations), or a deliberate government policy (to support the economy in a recession by reducing the corporate or other taxes, to continue in the tax competition with other countries).

Despite economic fluctuations and efforts and declarations of governments, the share of main tax groups in the structure of tax revenues paradoxically does not change. The proportions of all types of income taxation from 1975 until now remains around 61% of total tax revenues, in the case of consumption at around 33–34%.

Existing data for the period of the crisis and recovery do not show any dramatic changes in the structure of tax revenues (tax mix). According to our estimates and to the OECD data, during the period 2005–2009 the share of corporate taxes (8% of the total revenue), personal income taxes (24–25%), property taxes (5–6%), general or specific excise taxes (11–20%) has in developed countries remained essentially unchanged. A slight increase has recorded the share of insurance premia (from 25 to 27%).

The theory assumes and the tax policy and practice confirm that the nominal GDP growth and nominal tax revenues are relatively tightly connected. As shown in the following chart, the relationship between govern. revenues and the GDP development is unequivocal. Due to the lack of data for the 2010, tax revenues were substituted by total revenues (tax revenues in developed countries make in the long run ca. 95% of all revenues). Tax revenue results for the period 2007–2009 would have shown even higher R^2 (Vitek, 2011a).

In 2007, the nominal GDP in grew in EU countries mostly between 5–15% and the total revenues between 3–10% (revenues are accrualised based on



5: Total government revenues vs. GDP changes in EU27+3

Source: Data from EC – Eurostat (2011) and own processing

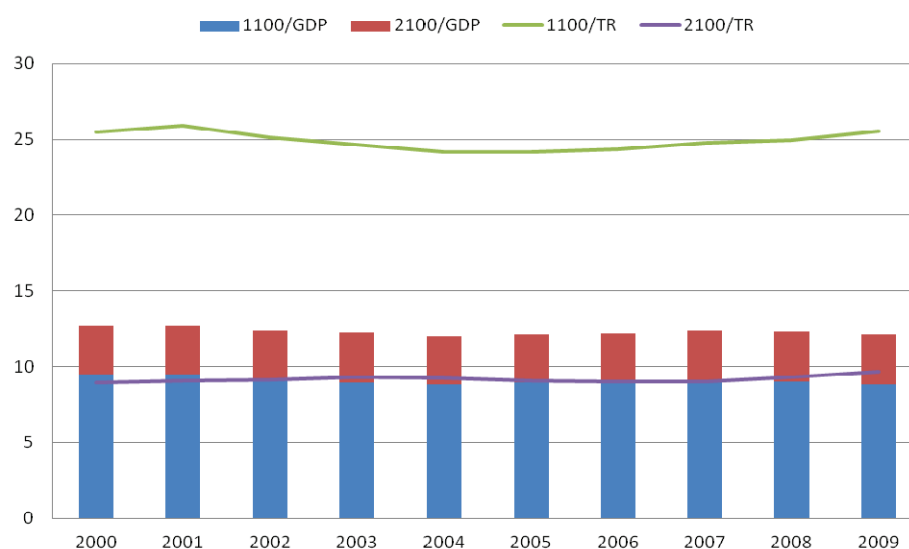
the ESA 95 methodology, reducing the problem of time shifts in the tax collection). In 2008, the GDP grew mostly between 1–10% and the revenues between 1–8%.

The year 2009 marks the turning point – in most countries the GDP decreases (mostly by 0–6%) and the revenues decline in the wide range of 2–10%. In 2010, the recovery leads mostly to the GDP growth of between 2–6% and the revenues between 0–7%.

Developed countries rely in taxation of personal incomes on two main instruments: personal income taxes (Group 1100) and social security contributions paid by employees (Group 2100). Personal income taxes include payroll taxes as well as business taxation and taxation of personal income from the capital and other assets – therefore they are usually related to the universal taxation of income from labour, business and property. Social security contributions paid by employees usually tax only work and business and they are not imposed on an income from property.

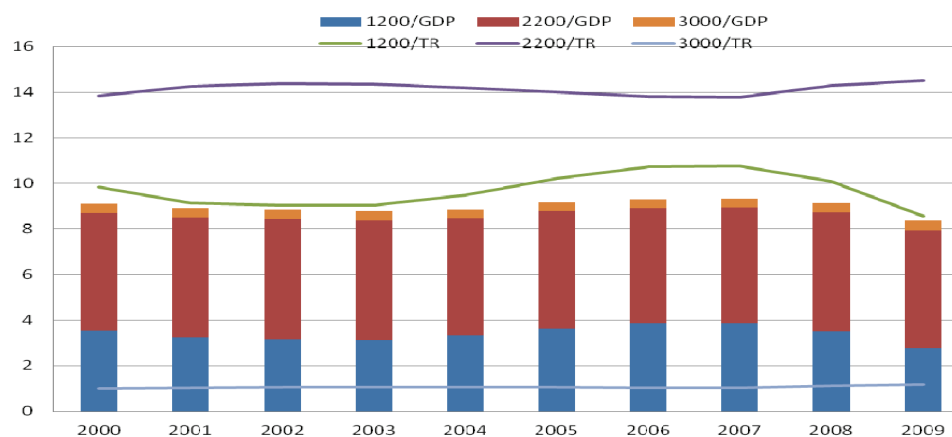
The following figure indicates trends in the taxation of personal incomes in the OECD countries over the past decade (the latest data here and further in the text are in the detailed structure available for the year 2009). It turns out that the significance and structure of personal inc. taxes do not change much over time. Over the past decade, the share of taxes to the GDP stabilised at 12–13% and the weight of personal income taxes or social security contributions paid by employees did not overly change either. The same is true for the share of these taxes on tot. tax revenues (TR) – that share is permanently stabilised at 33–35%.

Corporations are in developed countries subjected to a number of taxes. In all countries there exists the corporate income tax (Group 1200) and with the exception of Denmark, governments in developed countries rely on social security contributions paid by employers (Group 2200). In some countries there exists also a tax on payroll (Group 3000; it differs from insurance premia by



6: Taxation of personal income in OECD: structure and development

Source: Data from OECD (2011)



7: Taxation of corporations in OECD: structure and development

the total inequivalence in collected and disbursed payments) but its importance is small and declining. There are also discussions (Kubátová; 2010, Široký, 2008) whether the value added tax is a tax that falls onto consumers alone or on the businesses as well.

The following chart shows the development of corporate taxation over the past decade. Until 2008, the share of corporate taxes on the GDP did not any significantly change and remained at around 9%. Despite ongoing reductions in the corporate tax rates, during 2005–2007 their share on the GDP slightly increased – this effect analysed e.g. Kubátová and Říhová (2009) or in general in Devereux (2004) and in the literature it is usually explained as an influence of the growing importance of firms in the economy and also their increasing profitability.

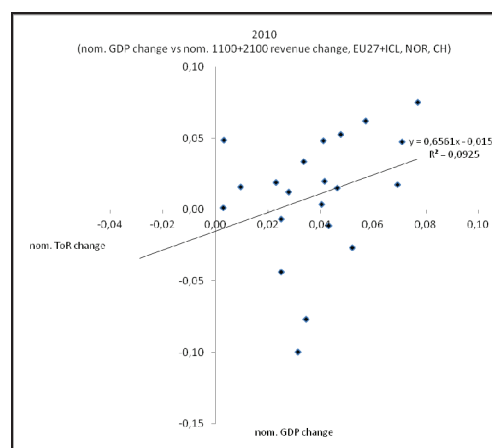
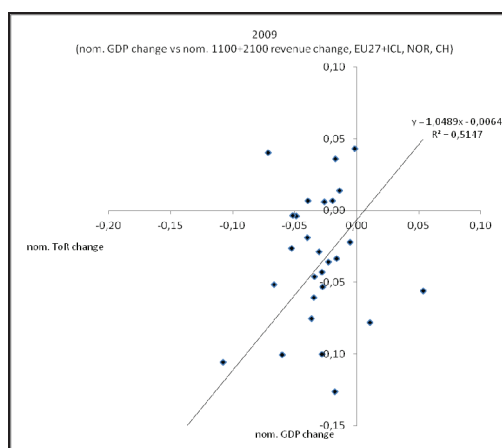
In 2008 and especially in 2009, there is evident a significant decline in importance of the Group 1200 – corporate income tax. Rather significantly (by about 20%) has decreased also its share on the GDP and total tax revenues. This is primarily related to the impact of a decline (down to a zero) in profits of the financial sector as the major source of revenues from the corporate income tax. In 2009 profits significantly fell also in other sectors with a corresponding impact on revenues of this tax. Decline in the importance of the corporate income taxes was partially offset by the growth in the weight of social security contributions paid by employers, although in the overall share on the GDP this compensating factor was not enough to balance the reduction in the corporate income tax.

The strength of the link between taxation of personal incomes and the economic development (GDP) is about the same for all government revenues. For 2007 and 2008 there is a clear link between slowing of the economic growth and revenues from the taxation of personal incomes, culminating in 2009. For 2010, the data are available only for 20 countries. Nevertheless both the economic recovery as well as the growth in revenues from the personal income tax and social security contributions paid by employees is evident.

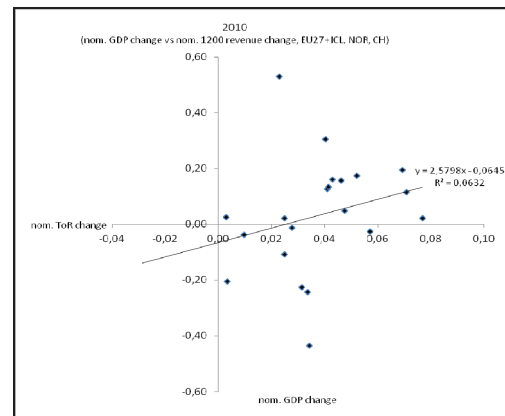
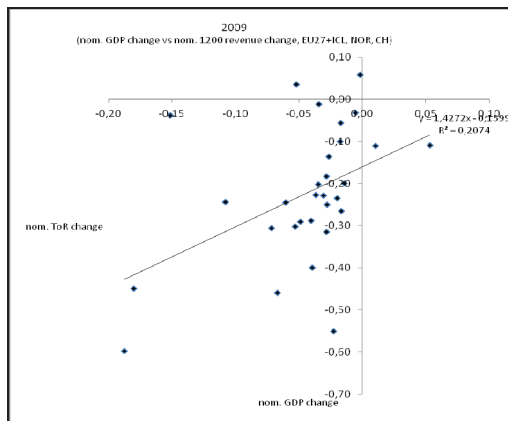
In general, corporate taxes have (since 2008) less dependence on the GDP development than personal taxes. The development over the past four years is similar to the total tax revenues – stable development in 2007, followed by a slowdown in the economic growth and tax revenues in 2008, slump in 2009, and recovery in 2010, while in 2010 the link between the GDP and tax revenues again weakens. From following figure is evident that the corporate income tax responds to fluctuations in the economy more than other, previously described taxes (R^2 was slightly lower already at the initial year of 2007, fell significantly in 2008 and 2009, and the link between the GDP and revenues weakened still further in 2010). Even though due to the lack of the data no premature conclusions can be made for the 2010, tax revenues from the corporate income taxes are growing very rapidly in some countries (Finland, Sweden, France), while in others they in spite of the economic growth decline (Bulgaria, Spain, Lithuania, Estonia, Romania). Interestingly, this effect is for the available data more evident for the EU12 countries. Explanation of the continuing decline in the corporate income tax in some countries is hypothetically possible to look e.g. in use of the losses from previous periods (2008–2009) or due to ongoing problems in the export to foreign markets (these countries have export-oriented economies and export-oriented companies represent for them the core of revenues of the corporate income tax).

Business and labour taxation changes

Until the recession, importance of the corporate taxes has not over the past decade fundamentally changed. However, during 2007–2010 their importance began to significantly decline. A more detailed look at the changes in corporate taxes over the past two years provides the following table. Changes during the period 2009–2010 indicate that over years of the highest financial and economic crisis, the EU continued with the existing, twenty



8: Tax revenues from personal taxation (1100+2100) vs. GDP changes in EU27+3
Source: Data from EC – Eurostat (2011) and own processing



9: Tax revenues from taxation of corporations (1200) vs. GDP changes in EU27+3
Source: Data from EC – Eurostat (2011) and own processing

years long trend and usually responded to the changes by reductions in tax bases, tax rates, as well as provisions of tax payment postponements. The main cause of these measures may be seen in the governmental efforts to promote the operation of businesses during the recession.

According to Vitek (2011a), over the period 2008–2010 taken part fiscally significant changes ($\pm 0.2\%$ of GDP) only in the some cases (not included are new bank charges): France 2009–2010: $+1\%$ of GDP, CR 2008–2010: -0.6% , Greece 2009–2013: $+0.4\%$ and reduced rate over the period 2010–2014 from 25 to 20% and Sweden 2009: -0.2% . In Hungary there were in 2010 introduced changes in opposite directions with a small overall impact: the 4% premium to the corp. tax rate was cancelled (-0.8% of GDP) and at the same time increased was the base rate from 16 to 19% and broadened the tax base ($+0.7\%$ of GDP).

Slim majority of EU countries made in 2007–2011 changes to the corporate tax rates (14 countries, 13 unchanged). With the exception of Portugal, all countries reduced the rates. However, Germany, Czech Republic and Italy, who reduced rates the most, announced this change even before emergence of the crisis in 2008–2009; it is therefore necessary to interpret changes in individual countries separately (in some countries these changes represent a continuation in the long-term policy of the corporate taxation's reduction to promote the competitiveness – Czech Rep., Germany – elsewhere it may represent a reaction to the crisis).

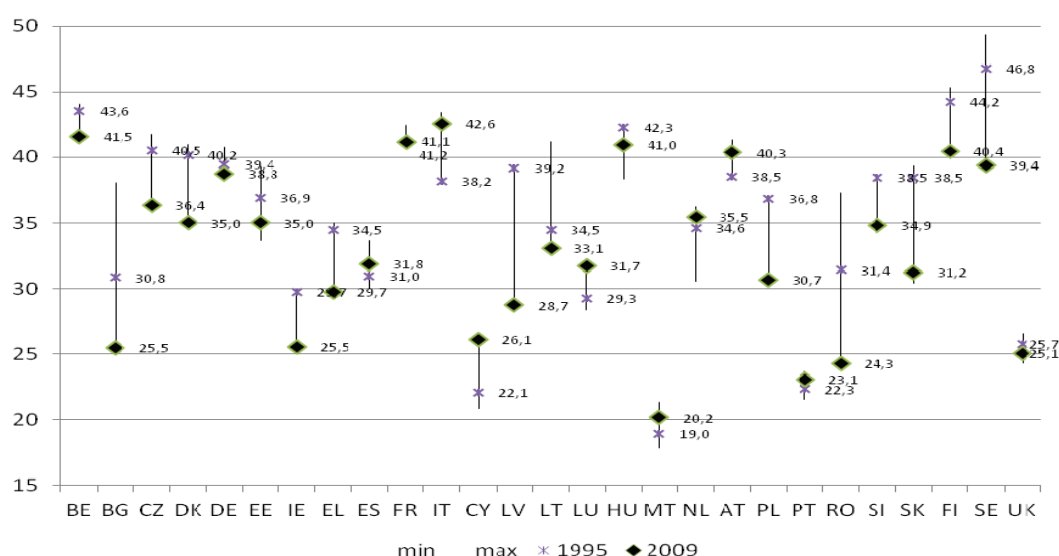
The main innovation in the domain of corporate taxes, invoked by the financial crisis, is represented by proposals and actual steps in the area of bank taxes. In brief that involved notably discussions on the introduction of various new taxes and charges within the financial sector that both contribute to the higher stability of the financial sector and also offset expenditures of the assistance granted to the financial sector. Nerudová (2010 and 2011) notes that the present discussion on taxation of the

financial sector and forms of this taxation may be seen as a succession to the concept of J. Tobin (1978).

Present discussions and reality in developed countries, however, aim according to the summaries referred to in EC (2010) and IMF (2010) rather at the concept of additional taxation as (i) a compensation of the taxpayer for the financial assistance during the financial crisis, and (ii) instruments for limiting excessive risks in the financial sector. After all, it is also the recommendation referred to by IMF (2010) that considers and recommends two alternatives: an introduction of a contribution towards financial stability (Financial Stability Contribution – FSC), which should greatly encourage a more efficient functioning of the financial sector, or an introduction of the tax on financial activities (Financial Activity Tax – FAT), which should have a purely fiscal role with the base made up by profits of financial institutions and, where applicable, the remuneration of the managers of these institutions.

The EC has submitted its own proposal for the tax on financial transactions (Financial Transactions Tax, FTT) for a worldwide deployment, but so far it has not been able to realistically enforce even the FAT, which it has at the EU level endorsed, but the member states it so far as a pan-European initiative rejected. The latest proposal from the Commission is included in the document from 2011 (EC, 2011d) – in this proposal are estimated revenues from the FTT as follows: total possible revenues could be EUR 44 billion, of which taxation of bond spots EUR 10 billion and taxation of exchange interest rate derivatives EUR 12 billion (EC, 2011c, Part 1, pp. 44–45). Details on the proposal may be found e.g. in Vitek (2011a) on which is based also this part of the text.

In developed countries, the structure of personal income taxes (PIT) has not fundamentally changed over the past 35 years. From the perspective of the development of PIT in individual countries, in about half of the countries taxes on labour declined while in the other half they grew (the overall arithmetic mean has decreased). Of all the



10: Minimum and maximum implicit tax rates on labour and rates for 1995 and 2009
Source: EC (2011)

EU countries, importance of this type of taxes has dropped the most in the case of the Netherlands, Slovakia, Slovenia and Poland. In all of these countries took place reforms of the second pillar of the pension insur., which may have also affected the revenue from insurance premia: contributions to the voluntary pillars are excluded from tax revenues.

Over the last ten years, within the EU has significantly expanded the indicator of an implicit tax rate on labour – ITRL. It measures the share of the PIT revenue from employment, payroll taxes and compulsory premia (total labour taxation) on the total amount of compensation/income of employees in the economy.

Given the EU opinion on desirability of the convergence of tax systems in order to promote the cross-border mobility (related to e.g. labour), it is interesting to take a look at the possible convergence of implicit tax rates. In the event that the tax systems converge, this trend should be also reflected in the standard deviation, coefficient of variation or the difference between maximum and minimum values of implicit rates.

Coefficients of variation and the differences between maximum and minimum values of the implicit tax rate on labour between the years 1995–

2009 as well as over the shorter period of 2000–2009 for the EU countries point towards the convergence of the labour taxation system. This is mainly due to the fact that between 1995–2009 there took place a decrease in implicit tax rates in countries with a high burden of labour (more than 5 percentage points in Latvia, Sweden, Slovakia, Romania and Poland), while countries with lower taxation of labour reported either less significant decrease or no decrease at all.

One of the main and most comprehensive indicators is an assessment of the average rate of income tax and employees' social security contributions (ATR), when calculated are shares of the PIT and employees' social security contributions (for an income level) and these two taxes are divided by the gross income. It is an indicator that expresses the share of the PIT and the employee's premium to the gross income (wage). As already shown in the table, the OECD uses several types of model households – usually eight of them (A–H). These households differ in the income size, household structure by economic (in)activity and by the demographic structure (employed/unemployed parents, number of children). The indicator explains what proportion of the labour income the

I: Variability of implicit tax rates in the EU

	2000	2005	2006	2007	2008	2009	2009–1995	2009–2000
ITR-L EU25								
St.dev/mean	20.2	19.3	19.0	18.7	19.9	19.8	–0.7	–0.3
Max–min	26.3	22.8	22.3	22.0	23.4	22.4	–5.4	–3.9
ITR-K EU25								
St.dev/mean	42.3	43.1	43.5	40.8	38.8	39.9	10.2	–2.5
Max–min	38.1	42.3	36.6	38.4	34.2	33.5	11.2	–4.5

Source: EC (2011)

government takes away from employees in the form of various taxes. It is therefore possible to write

$$ATR_L = \frac{IT_L + SSC_{EE}}{TW}, \quad (1)$$

where IT_L = tax burden of the employment-related PIT for a household/taxpayer, SSC_{EE} = premium for the social insurance paid by an employee and TW = total gross wage of an employee.

In contrast to the marginal rates, calculated are shares of total taxes and premia to the total gross income and not a marginal taxation of the last unit of income. Net personal average tax rate shows the PIT plus the premium paid by an employee minus cash benefits provided to an individual.

International comparison shows that for the income at 100% of the average wage, an individual without children will in Belgium pay more than 40% of its gross wage to the government as the PIT and insurance premium (in 2006: Germany, Belgium, Denmark), while in eight countries the average tax rate of individuals stands at less than 20% (in 2006 only 4 countries: Mexico, South Korea, Ireland, Japan).

The average tax wedge (ATW_L) measures what part of “augmented” total labour costs is paid as taxes by employees and employers. The tax wedge between the total cost of labour to employers and employees’ net wages is calculated as the sum of PIT from employment and insurance premia by employers and employees over the total volume of wages, premia paid by the employer and taxes on wages. It is therefore possible to write

$$TW_L = \frac{IT_L + SSC_{EE} + SSC_{ER} + PT_{ER} - TR}{TW_{EE} + SSC_{ER} + PT_{ER}}, \quad (2)$$

where IT_L = tax burden of the employment-related PIT for a household/taxpayer, SSC_{EE} = premium

for the social insurance paid by an employee, SSC_{ER} = premium paid by an employer, TR_{EE} = transfers received by a taxpayer, TW_{EE} = total gross wage of an employee and PT_{ER} = payroll tax paid by an employer, if any.

The data for 2009 and 2010 show (Pavel, Vitek 2011) that tax wedges have over the last year decreased in 11 countries and increased in 22 OECD countries. The decline in tax wedges is in most countries caused by a decrease in the PIT, growth in tax wedges is usually caused by an increase in the premia.

RESULTS AND DISCUSSION

In developed countries sustained over the past decade long lasting tax structure. In the past decade, however, most OECD countries reduced the tax ratio, on average by about 1 percent. point. Since 2008, due to the recession there weakened the importance of corporate taxes (reduction by about 20%). Our results show that the business taxation, compared to the personal taxation, depends stronger on the economic cycle. Although the structure of tax revenues in the developed countries has not changed significantly over the past ten years, decreasing of the personal and corporate tax rates has stopped. PITs measured as average tax rates or tax wedges on personal incomes have over the past decade decreased by approximately 2 percentage points for all types of households. The greatest support to the families with children bring benefit systems to single parents with two children, where the difference between ATR and NATR makes up to 13 percent. points and during the past decade it does not change. Over the past four years has in the developed countries halted the steady decline in the importance of the PIT, which is partly due to the effort of governments to limit budget deficits, and partly by the relative stability of these types of tax revenues.

II: Average rate of income tax and employees’ social security contributions – ATR and Net personal average tax rate – NATR (%), OECD – Average

Household type	2000	2007	2008	2009	2010	2000	2007	2008	2009	2010
	ATR					NATR				
A	22.1	21.2	20.7	20.2	20.3	22.0	21.1	20.6	20.2	20.2
B	25.9	25.4	25.0	24.5	24.3	25.9	25.4	25.0	24.5	24.3
C	31.4	30.9	30.5	30.1	30.0	31.4	30.9	30.5	30.1	30.0
D	17.1	15.9	15.4	14.8	14.9	4.7	3.8	3.0	2.2	2.3
E	21.0	19.9	19.4	18.9	18.8	14.8	13.6	13.0	12.6	12.5
F	21.4	20.2	19.8	19.3	19.2	17.5	16.1	15.6	15.2	15.1
G	23.1	22.1	21.8	21.3	21.2	20.3	19.1	18.7	18.4	18.3
H	22.7	21.9	21.6	21.0	21.0	22.7	21.9	21.5	21.0	21.0

A = Single person at 67% of average earnings, no child, B = Single person at 100% of average earnings, no child, C = Single person at 167% of average earnings, no child, D = Single person at 67% of average earnings, with two children, E = One-earner married couple at 100% of average earnings, 2 children, F = Two-earner married couple, one at 100% of average earnings and the other at 33%, 2 children, G = Two-earner married couple, one at 100% of average earnings and the other at 67%, 2 children and H = Two-earner married couple, one at 100% of average earnings and the other at 33%, no child.

Source: data from OECD (2011) and own processing.

The remaining questions for the further analysis and development are whether the budget imbalances will enforce an increase in the income taxation or additional growth in consumption taxes, which is nowadays common. As a methodological question remains the problem of accrual data on tax revenues that can distort the results in years 2008–2010.

Overall, corporate and personal taxes in the EU thus during the monitored period did not undergo any “revolution” and the governments have instead introduced rather mild measures that changed the time structure of the compliance with tax obligations (advances, payments, depreciation), but not their nominal size.

SUMMARY

Over the past decade, most OECD countries reduced the tax ratio, on average by about 1 percentage point. Since 2008, due to the recession there has been weakened the importance of corporate taxes (reduction by about 20%). Personal income taxes measured by average tax rates or tax wedges on personal incomes over the past decade decreased by approximately 2 percentage points for all types of households. The greatest support to the families with children bring benefit systems to single parents with two children, where the difference between ATR and NATR makes up to 13 percentage points and during the last decade did not change. Over the past four years, the stable decrease in the importance of PIT in developed countries has halted.

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