Revenue Statistics in Latin America and the Caribbean 2024

XXXVI Regional Seminar on Fiscal Policy

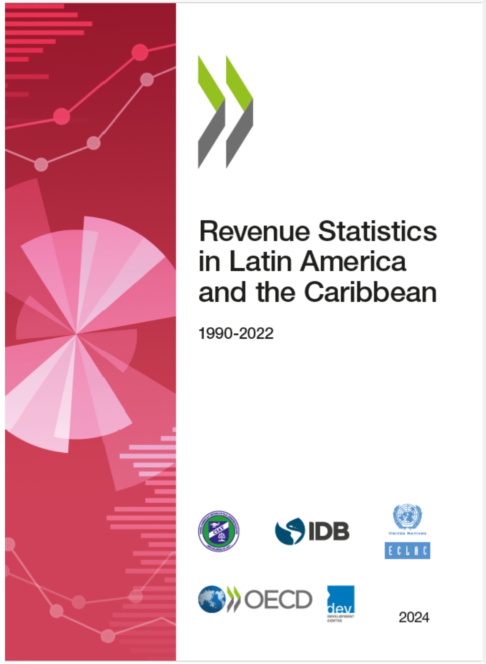
7 May 2024

Sebastian Nieto Parra, Head of Latin America and the Caribbean Unit, OECD Development Centre

Alexander Pick, Acting Head of Tax Data and Statistical Analysis Unit, OECD Centre for Tax Policy & Administration

Revenue Statistics in Latin America & the Caribbean 2024

- ***Revenue Statistics in Latin America and the Caribbean*** (LAC) provides comprehensive, detailed and harmonised statistics on tax revenue in the LAC region since 1990
  - An exemplary partnership between regional organisations and the OECD
- The report, data, interactive charts, country notes and other material for analysis are freely available online
  - Useful for policy makers, academics, private sector and civil society
- The data is included in the **OECD's *Global Revenue Statistics* dataset** http://oe.cd/globalrevstats, which contains harmonised tax revenue data for over 125 countries



Revenue Statistics in Latin America & the Caribbean 2024

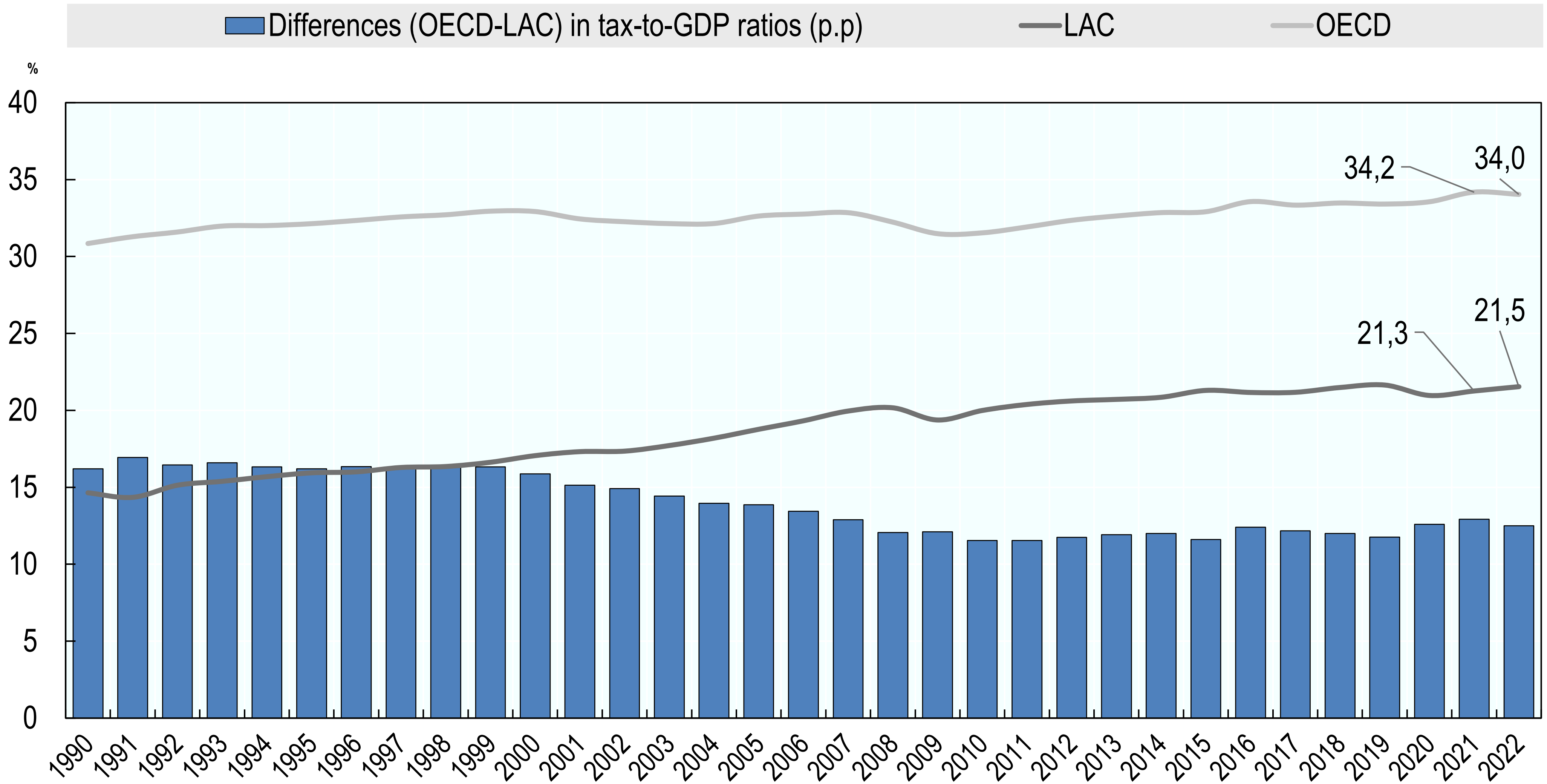
- **13th edition** of the publication is published in two monolingual reports (English and Spanish)
- **Covers 27 countries**; regional averages exclude Venezuela due to data issues
- **Data & analysis** on tax revenue in the LAC region up to 2022
- **Analysis** of the increase in tax revenue in 2021 and 2022 following the COVID-19 shock in 2020
- **One special feature** on the impact of revenue from non-renewable natural resources in the LAC region
- **Another special feature** on Equivalent Fiscal Pressure (EFP), a complementary revenue indicator for the LAC region

Key messages

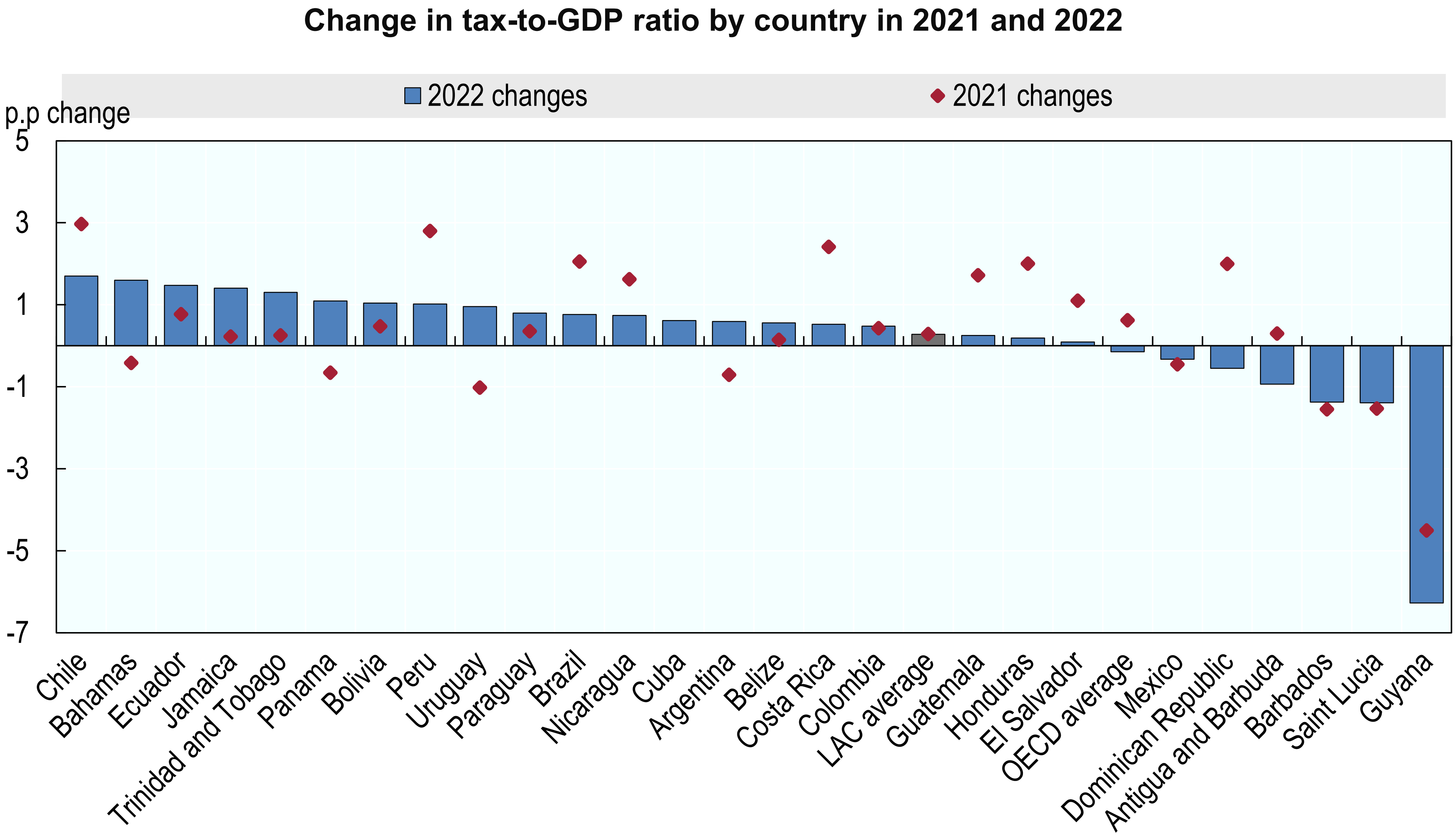
- Tax revenues in the LAC region continued to recover in 2022
  - The tax-to-GDP ratio increased by only 0.3 percentage points compared to 2021 on average, with wide variation across countries
- Increase occurred despite a challenging macroeconomic backdrop:
  - **Slowdown in regional growth compared to 2021**
  - **Surge in inflation**, especially food and fuel, affecting the most vulnerable populations in particular
  - **Still challenging** socio-economic conditions (e.g., poverty and extreme poverty remain above pre-pandemic levels in more than half of LAC countries)

The average tax-to-GDP ratio for the LAC region rose in 2022, slightly narrowing the gap with the OECD

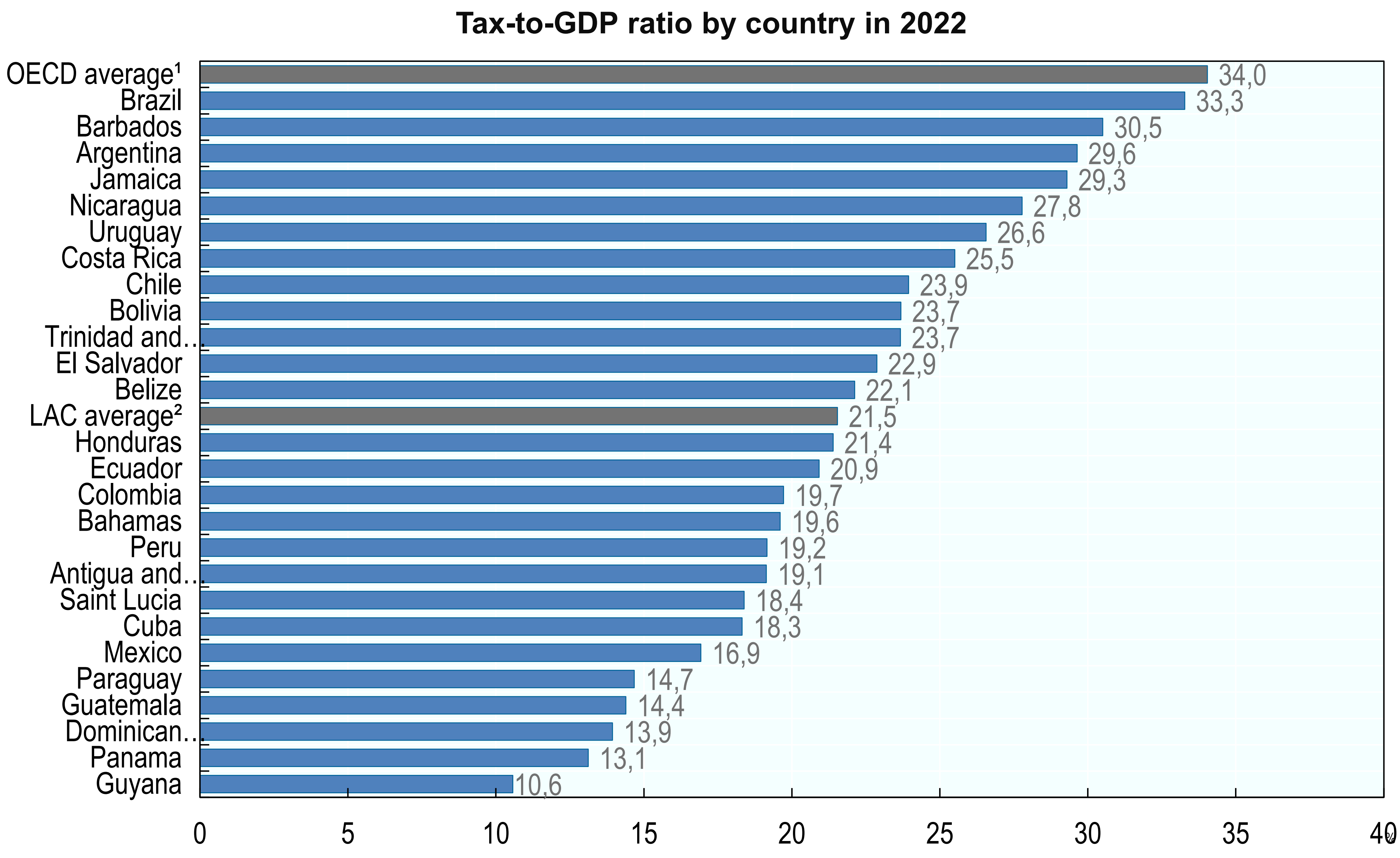
Tax-to-GDP ratios, LAC and OECD averages, 1990-2022



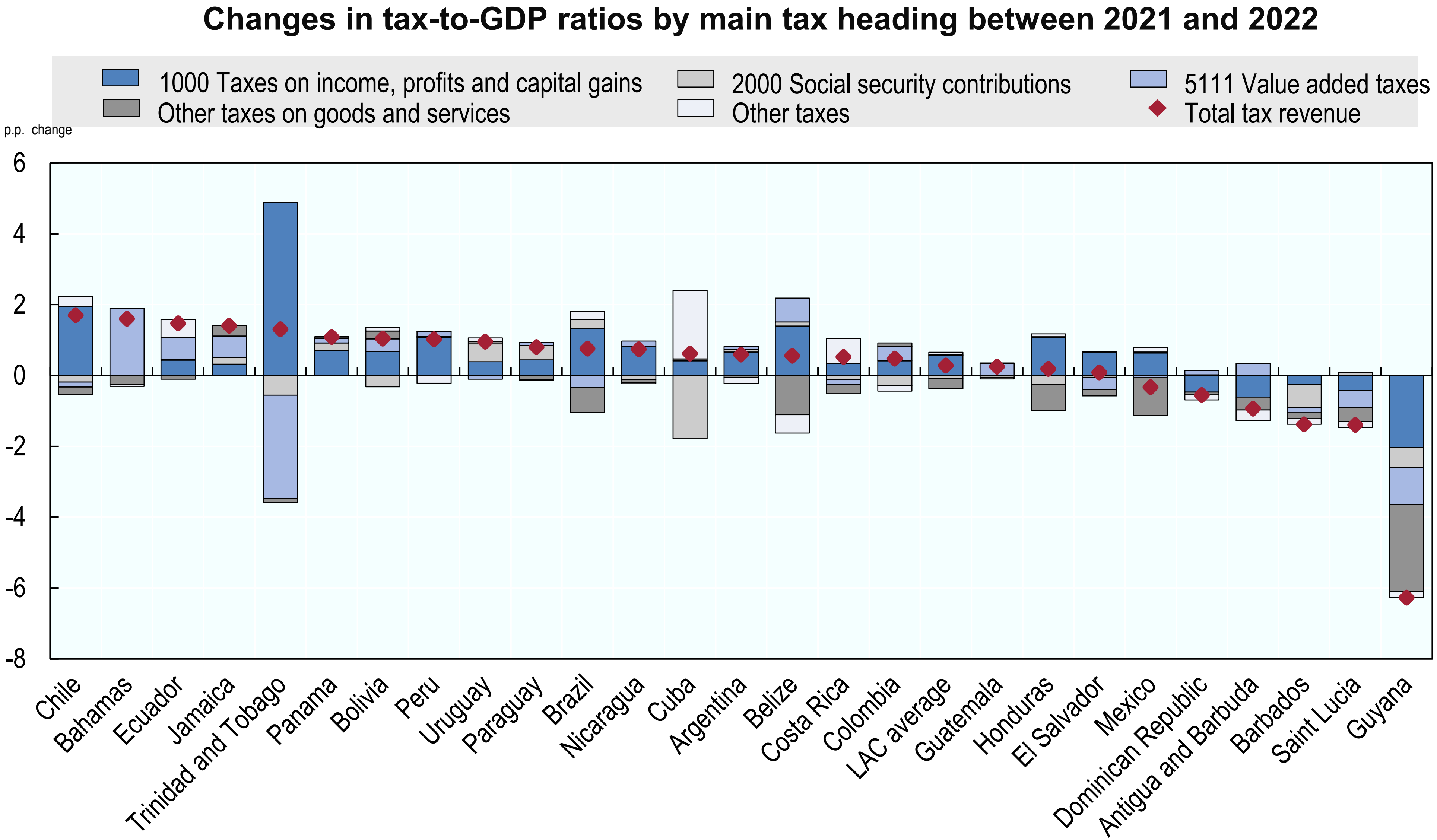
Tax-to-GDP ratios rose in 20 out of 26 LAC countries in 2022



Tax-to-GDP ratios ranged from 10.6% to 33.3% in 2022



Higher revenue from corporate income taxes drove up tax-to-GDP ratios



Only the Caribbean saw a decline in its tax-to-GDP ratio

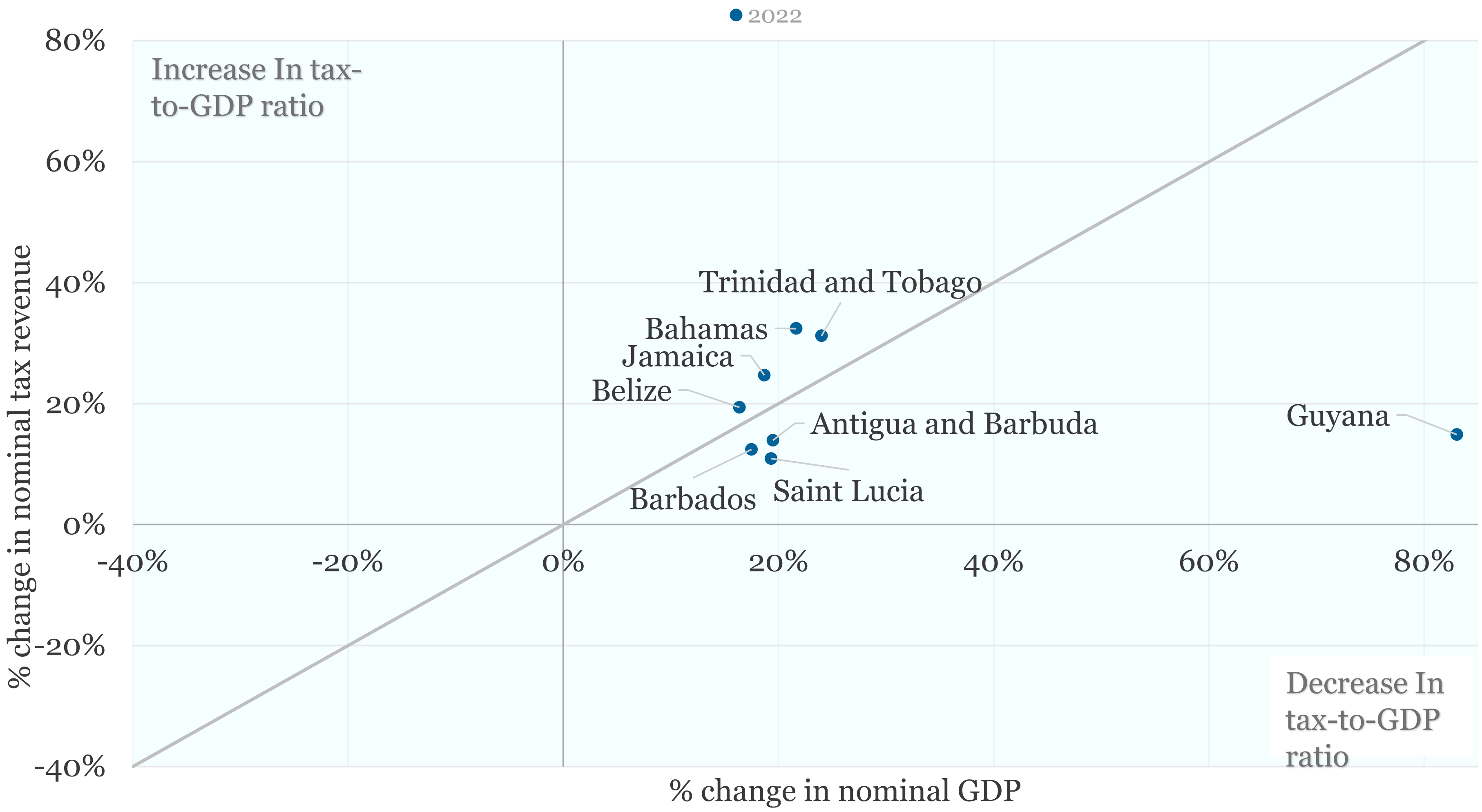
Changes in tax-to-GDP ratios LAC and subregions, 2021-2022

	LAC	Caribbean	Central America + Mexico	South America
PIT	0.0	-0.2	0.1	0.1
CIT	0.6	0.7	0.4	0.7
SSCs	-0.1	-0.2	-0.2	0.1
VAT	0.0	-0.1	0.0	0.1
OCT	-0.3	-0.6	-0.3	-0.1
Res.	0.1	-0.2	0.3	0.1
Total tax	**0.3**	**-0.6**	**0.3**	**1.0**

Note: The classification of countries into different sub-regions follows ECLAC's classification and is based on the spoken language of countries. The "Caribbean" includes English-speaking countries and Guyana, while "Central America and Mexico" covers Spanish-speaking countries including Dominican Republic and Cuba.

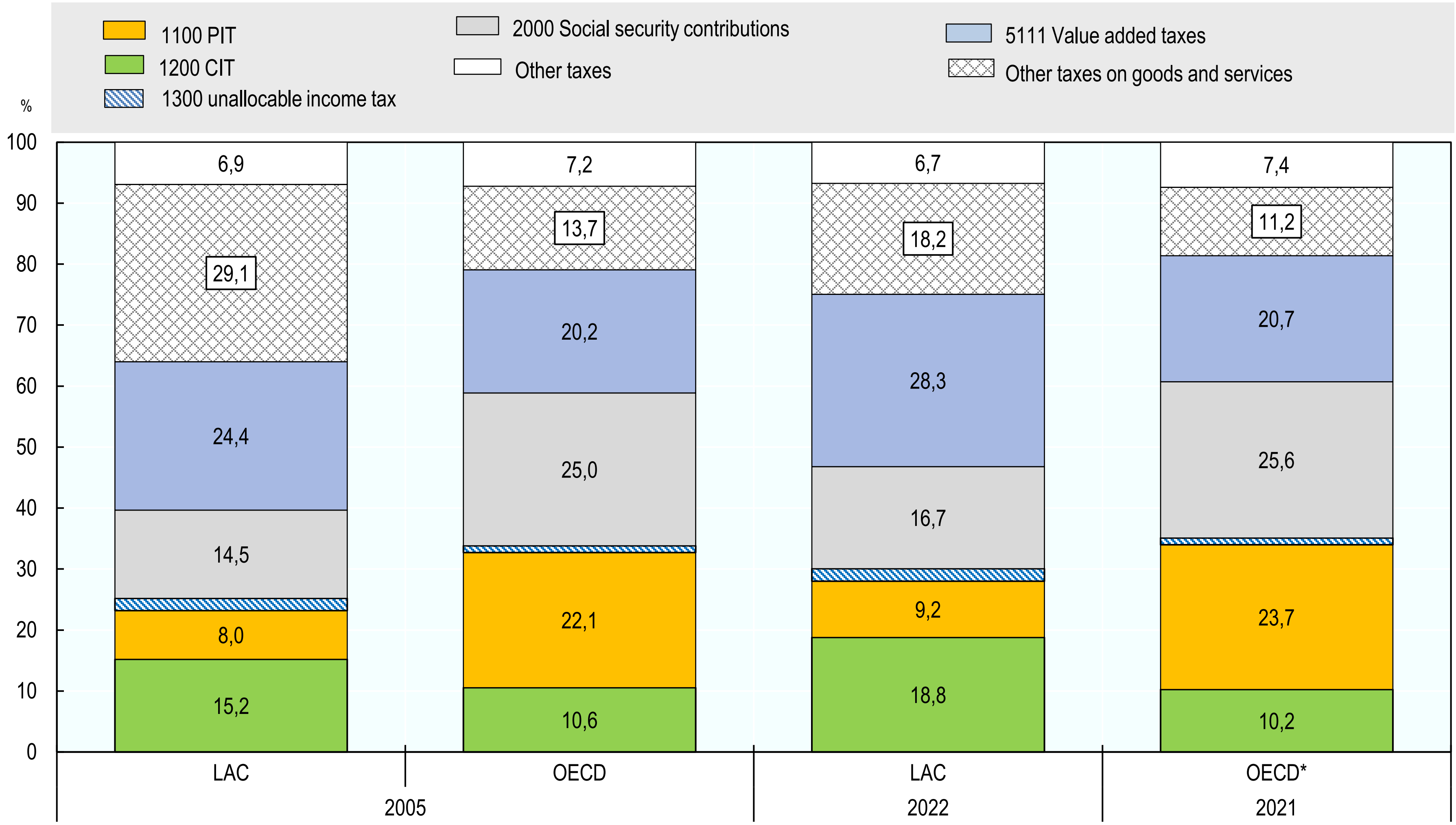
GDP outpaced tax revenue in four Caribbean countries, leading to lower tax-to-GDP ratios

% changes in nominal GDP and nominal tax revenues for the Caribbean countries between 2021 and 2022



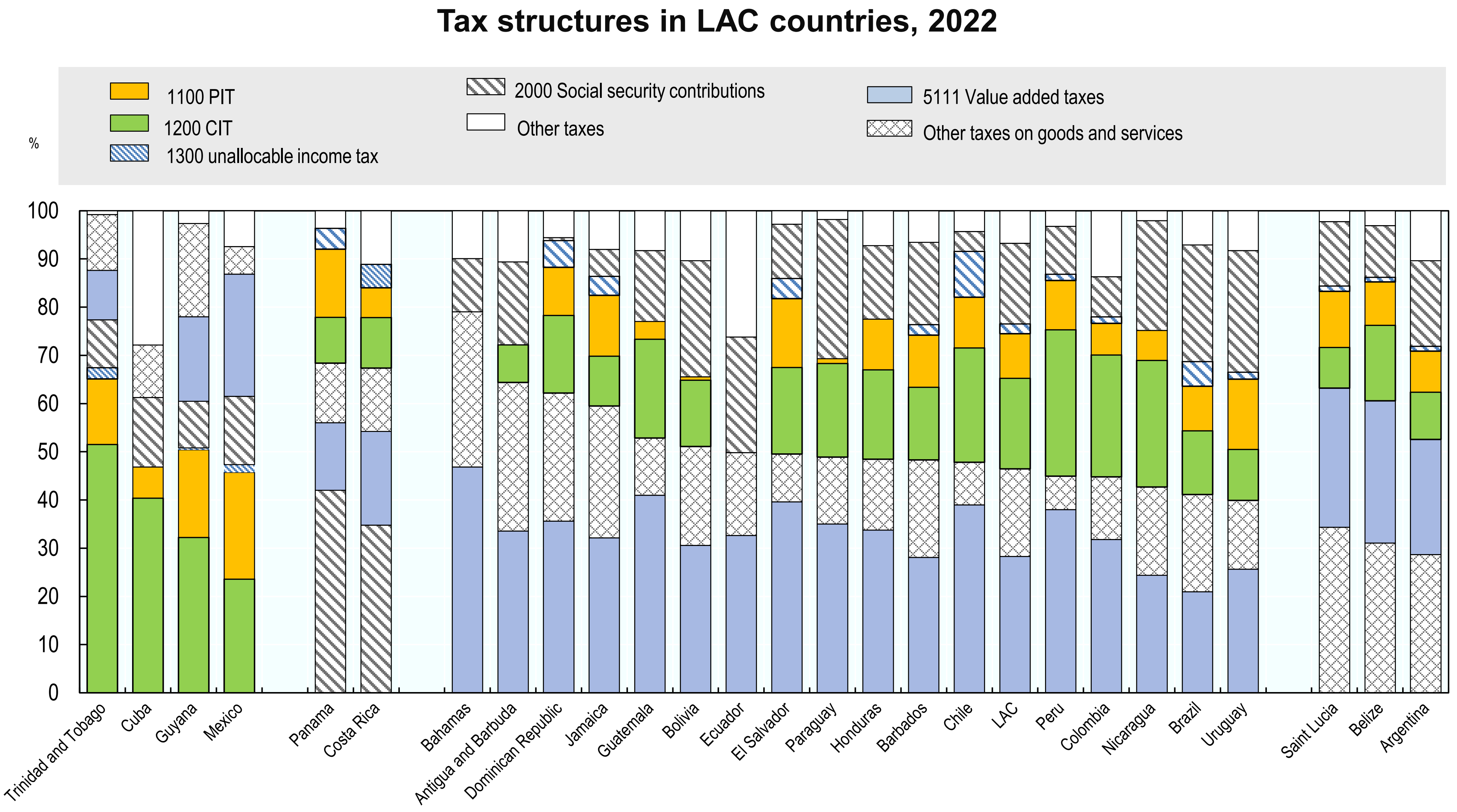
Taxes on goods and services accounted for half of tax revenue in the LAC region in 2022

Average tax structure in LAC & OECD (% of total revenue)

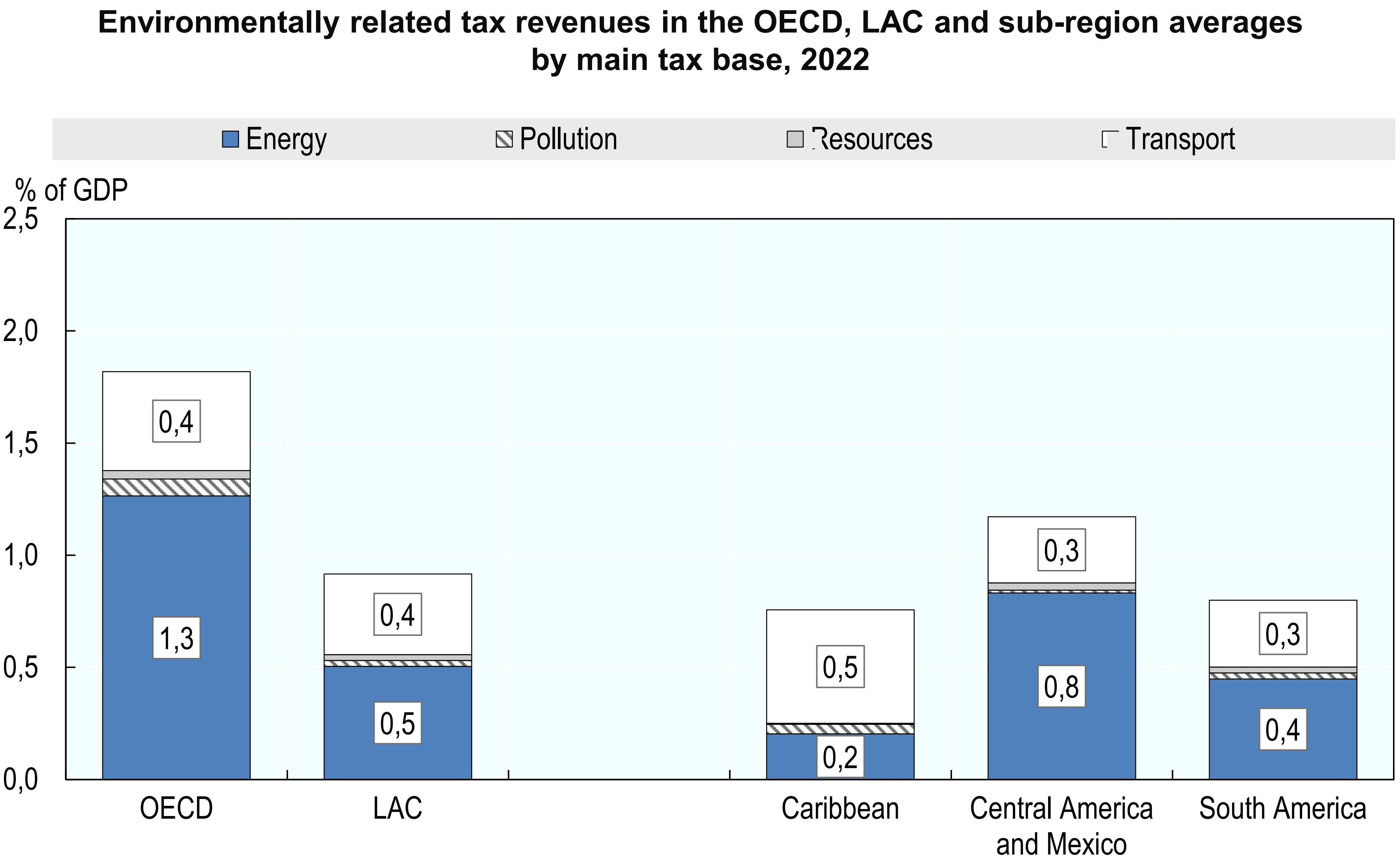


** OECD data refer to the latest year available.*

About two thirds of countries relied principally on taxes on goods and services in 2022



Environmentally related tax revenue in the LAC region remains lower than in the OECD

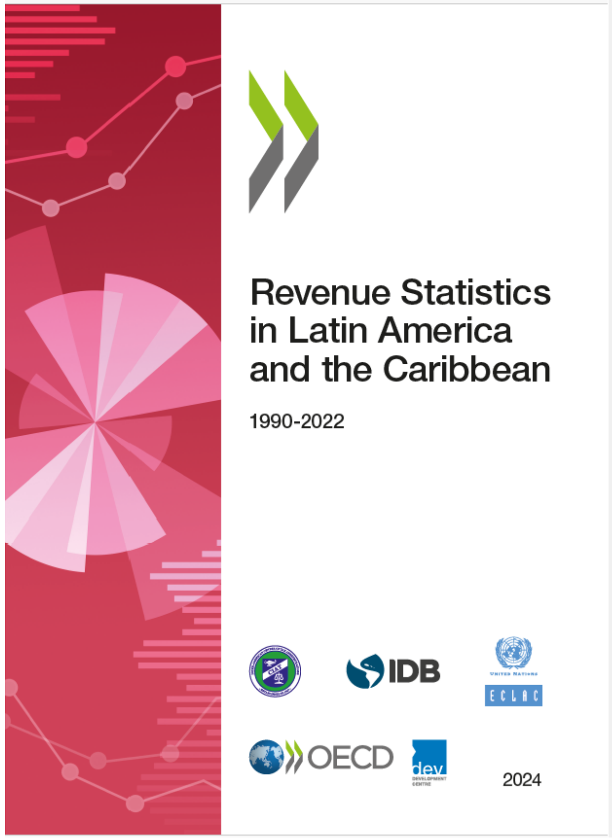


Key findings

- **Tax revenue in the LAC region rose again in 2022 to almost reach its pre-crisis level on average**
  - LAC's tax-to-GDP ratio increased by 0.3 percentage points (p.p.) in 2022 to 21.5%, sightly below its level in 2019 (21.6%)
  - Tax-to-GDP ratios rose in 20 of the 26 LAC countries
  - The Caribbean recorded a decline in tax-to-GDP ratio partly due to GDP outpacing tax revenue in 2022 in four countries
- **The increase in tax revenue in 2022 was driven by (slower) economic growth and a surge in oil and gas prices**
  - CIT revenue drove the overall increase – boosted by the oil & gas sector – while revenue from other tax types stayed flat or declined
  - Increase in CIT revenue partly offset by decrease in excise revenue due to tax measures to mitigate the impact of high energy prices

Looking ahead

- **Report underlines options for increasing tax revenue, including:**
  - Rebalancing the tax structure away from CIT and taxes on goods and services
  - Promoting progressivity in PIT systems to reduce inequalities and minimise distortions that constrain entrepreneurship
  - Tax reforms to encourage a green transition
  - Strengthen taxation of immovable property
  - Enhance tax morale as part of broader fiscal pacts



Gracias!

[Latin America and the Caribbean – OECD](https://www.oecd.org/tax/revenue-statistics-in-latin-america-and-the-caribbean-8b555412-en.htm)

https://www.oecd.org/tax/revenue-statistics-in-latin-america-and-the-caribbean-8b555412-en.htm