Revenue Statistics 2021 - Israel

Tax-to-GDP ratio

Tax-to-GDP ratio over time

The OECD’s annual Revenue Statistics report found that the tax-to-GDP ratio in Israel decreased by 0.5 percentage points from 30.2% in 2019 to 29.7% in 2020. Between 2019 and 2020 the OECD average slightly increased from 33.4% to 33.5%. The tax-to-GDP ratio in Israel has decreased from 34.8% in 2000 to 29.7% in 2020. Over the same period, the OECD average in 2020 was slightly above that in 2000 (33.5% compared with 32.9%). During that period the highest tax-to-GDP ratio in Israel was 34.8% in 2000, with the lowest being 29.7% in 2009 and 2020.

Tax-to-GDP ratio compared to the OECD, 2020

Israel ranked 28th out of 38 OECD countries in terms of the tax-to-GDP ratio in 2020. In 2020, Israel had a tax-to-GDP ratio of 29.7% compared with the OECD average of 33.5%. In 2019, Israel was also ranked 28th out of the 38 OECD countries in terms of the tax-to-GDP ratio.

* Australia and Japan are unable to provide provisional 2020 data, therefore their latest 2019 data are presented within this country note.

The differences between tax-to-GDP ratios shown may not sum correctly due to rounding.

In the OECD classification the term “taxes” is confined to compulsory unrequited payments to general government or to a supranational authority. Taxes are unrequited in the sense that benefits provided by government to taxpayers are not normally in proportion to their payments.
Tax structures

Tax structure compared to the OECD average, 2019

The structure of tax receipts in Israel compared with the OECD average is shown in the figure below.

Relative to the OECD average, the tax structure in Israel is characterised by:

» Higher revenues from payroll taxes; property taxes; and value-added taxes.

» Equal to the OECD average from taxes on corporate income & gains.

A lower proportion of revenues from taxes on personal income, profits & gains; social security contributions; and goods & services taxes (excluding VAT/GST).

<table>
<thead>
<tr>
<th>Tax structure</th>
<th>Tax Revenues in national currency</th>
<th>Tax structure in Israel</th>
<th>Position in OECD²</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>New Israeli Sheqel, millions</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td><strong>2018</strong></td>
<td><strong>2019</strong></td>
<td><strong>Δ</strong></td>
<td><strong>2018</strong></td>
</tr>
<tr>
<td>Taxes on income, profits and capital gains¹</td>
<td>135 001</td>
<td>140 453</td>
<td>+ 5 452</td>
</tr>
<tr>
<td>Personal income, profits and gains</td>
<td>84 922</td>
<td>89 493</td>
<td>+ 4 571</td>
</tr>
<tr>
<td>Corporate income and gains</td>
<td>42 932</td>
<td>43 291</td>
<td>+ 359</td>
</tr>
<tr>
<td>Social security contributions</td>
<td>70 635</td>
<td>74 420</td>
<td>+ 3 785</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>15 828</td>
<td>16 168</td>
<td>+ 340</td>
</tr>
<tr>
<td>Taxes on property</td>
<td>42 330</td>
<td>43 773</td>
<td>+ 1 443</td>
</tr>
<tr>
<td>Taxes on goods and services</td>
<td>149 438</td>
<td>153 719</td>
<td>+ 4 281</td>
</tr>
<tr>
<td>of which VAT</td>
<td>99 442</td>
<td>102 463</td>
<td>+ 3 021</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>413 233</strong></td>
<td><strong>428 534</strong></td>
<td><strong>+ 15 301</strong></td>
</tr>
</tbody>
</table>

Tax revenue includes net receipts for all levels of government; figures in the table may not sum to the total indicated due to rounding.

1. Includes income taxes not allocable to either personal or corporate income.

2. The country with the highest share being 1st and the country with the lowest share being 38th.


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