Australia's future tax system

FACT SHEET

International comparison of Australia's tax-transfer system

Section 5 of the 'Architecture of Australia's tax and transfer system' paper provides an international comparison of some key aspects of Australia's tax-transfer system.

Key points

- Australia is a low tax country by OECD standards but our tax to GDP ratio is above that of our immediate neighbours, reflecting the greater role of government in our economy.
- While Australia's mix of direct and indirect taxation is broadly comparable to other OECD countries, its composition differs in several respects. Australia is one of two countries, with New Zealand, that do not levy a social security tax and which have a dividend imputation system. Our reliance on broad-based consumption taxes is below the OECD average, while our reliance on revenue from taxes on property is above the OECD average.
- Although Australia's top personal income tax rate is typical of the OECD, the absence of a social security tax means Australia has a high tax burden on capital income relative to comparable OECD countries, taking into account differences in capital tax settings.
- Australia's corporate tax rate is the eighth highest in the OECD and above the OECD average. Corporate tax revenue as a percentage of GDP is the fourth highest in the OECD.
- Australia's taxes on fuel are low in comparison to other OECD countries.
- Australia's tax-transfer system is highly redistributive by OECD standards.

Size of government — OECD 2007