



FISCAL AFFAIRS

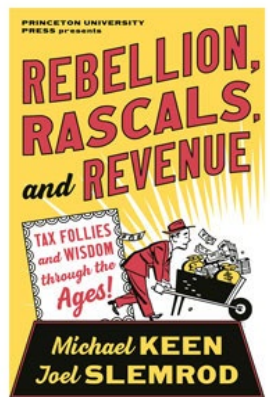
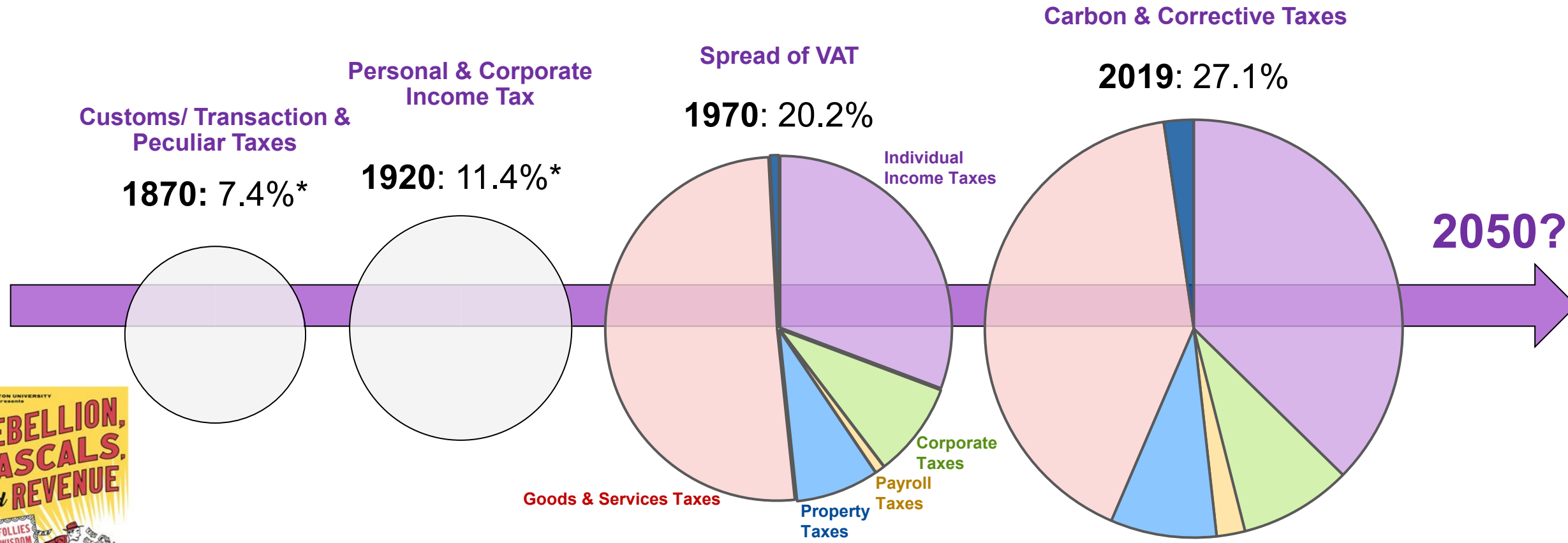
EU Tax Symposium

On the Road to 2050, What Tax Mix for the Future?

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Vitor Gaspar
Director
Fiscal Affairs Department

Understanding History



... to predict the future

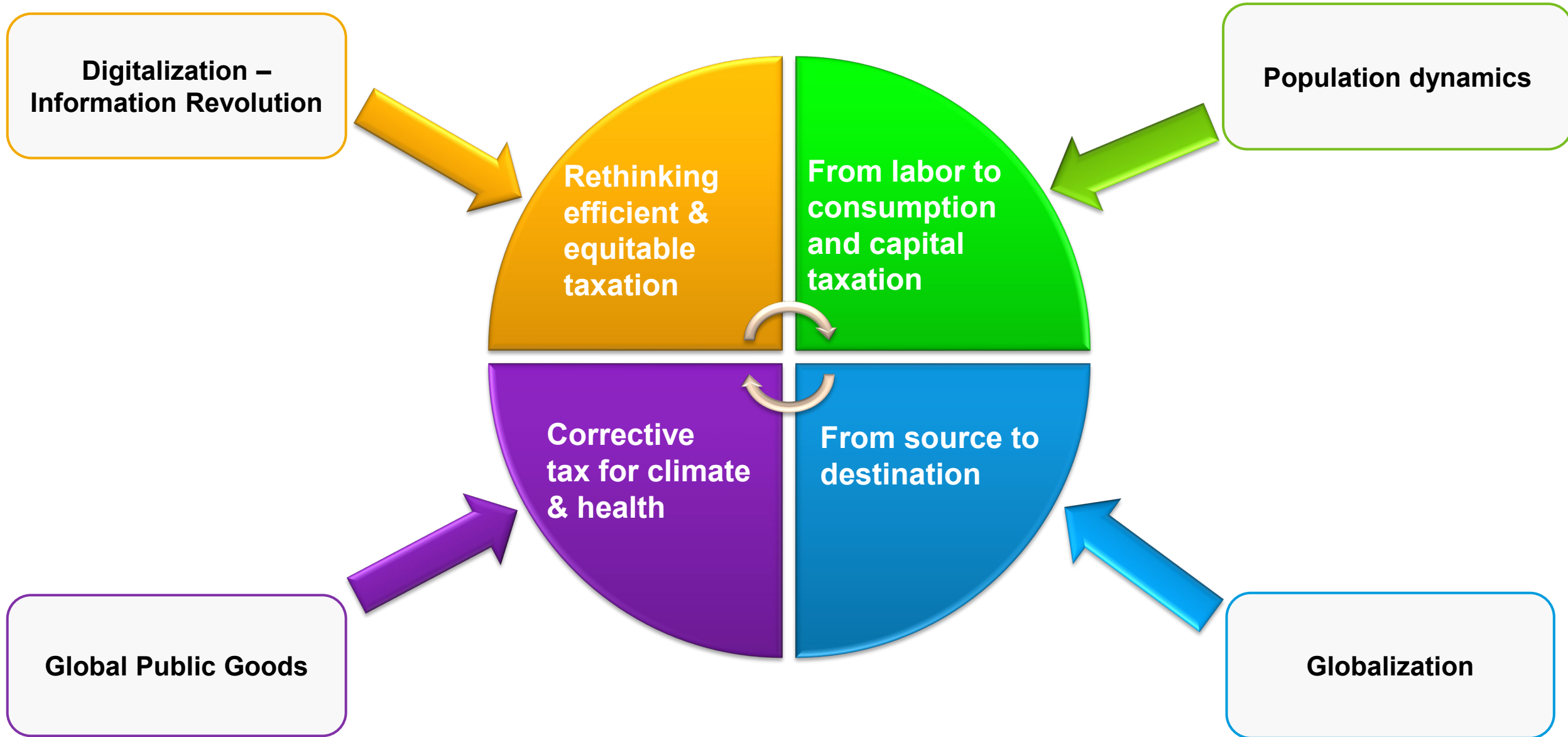
Sources: IMF World Revenue Longitudinal Database (WoRLD); OECD Revenue Statistics; Jorda-Schularick-Taylor (JST) Macro-History Database & IMF Staff Calculations

Note: Size of pie charts represent the Tax-GDP (in percent). The analysis includes a balanced sample of 11 EU countries for whom data are available across the period of the analysis: Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Portugal, Spain and Sweden.

* = The data for 1870 and 1920 are for total revenue, not just tax revenue.

The book titled, *'Rebellion, Rascals, and Revenue: Tax Follies and Wisdom through the Ages'*, by Michael Keen and Joel Slemrod, Princeton University Press, Princeton, NJ, 2021, is the copyright publication of the authors, referred to here simply as a recommendation and suggested read on the history of taxes and revenues.

Drivers of Change



Where Europe is Heading? – Two Scenarios

Collaboration

Scenario 2

- Exploit gains from digitalization for progressive taxes
- Tax certainty
- Reduced tax competition
- Carbon price floor

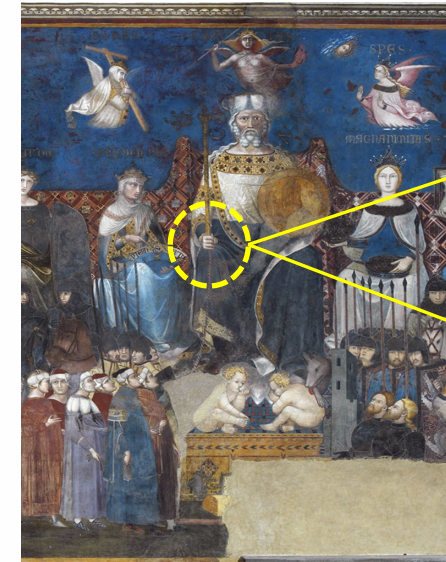
Mistrust

Scenario 1

- Strict data privacy – hard to tax rich
- Opportunistic ad-hoc tax policies
- Fierce tax competition for MNEs
- Lack global/European climate action

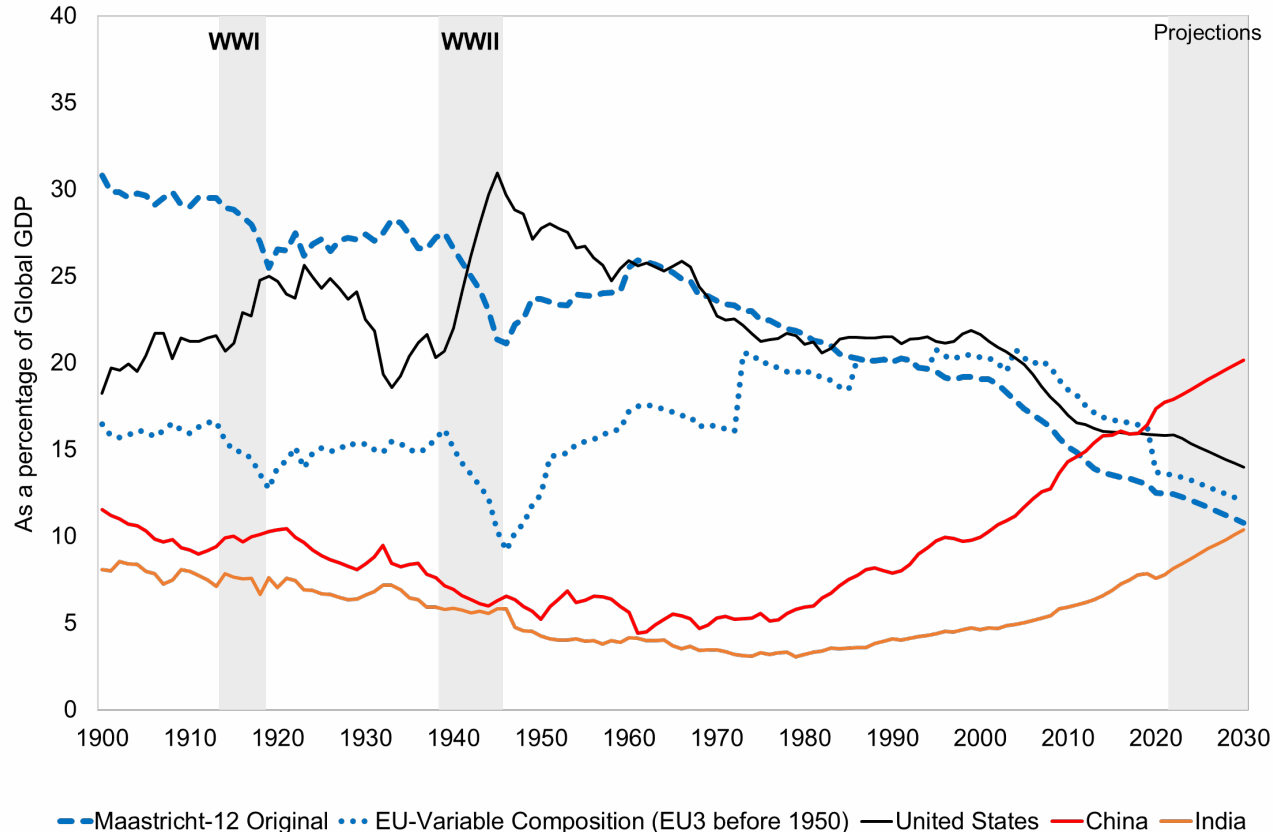
Trust

Fragmentation



The Role of the EU

Real GDP in 2011 PPP International Dollars
(as a percentage of Global GDP)



In Europe

- Tax coordination
- EU own tax/budget 2050

In the World

- As guide to world
- As global player

“Our countries have become too small for the world of today, for the scale of modern technology and of America and Russia today, or China and India tomorrow”

– Jean Monnet, 1954*

Source: Maddison Project Database 2020; IMF World Economic Outlook Database (WEO) & IMF Staff Estimates

Note: The Real GDP shares of Global GDP are calculated using Maddison Historical Statistics data, from 1900-2018, and supplemented using IMF World Economic Outlook data, estimates and projections after 2018. The analysis uses a combination of interpolations, extrapolations and varied estimates from the regional blocs to compile a balanced sample over the period for the world and all countries in it, and then estimates the share of global GDP for a balanced sample.

* The quote by Jean Monnet comes from Jean Monnet, 1978, *Memoirs, The Architect and Master Builder of the European Economic Community*, New York, Double Day & Company (page 399).

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