International public debt review

A comparison of 28 countries’ budget deficit levels and the measures being taken to address them

September 2010
Foreword

As the global economy recovers from its worst recession since the Second World War, the financial markets have shifted their focus to the high levels of public debt in many countries across the world.

These high levels of debt are clearly unsustainable. The question is when they should start being reduced, at what rate and using what measures. This is a difficult balancing act for governments: they do not want to risk undermining their country’s economic recovery or indeed their own political position, but they equally have to ensure that they do enough to appease the nervous financial markets.

This review considers the current levels of public debt in 28 countries, assessing what measures their governments are taking to reduce their budget deficit levels and how much headway they are likely to have made in reducing them by 2013.

We are not aware of another review which carries out an international comparison like this. We hope that you find it useful and of interest. Please feel free to get in touch with me or your usual Eversheds contact if you have any views or questions which you would like to discuss.

“Eversheds have performed a welcome service in placing the UK’s fiscal difficulties into an international context. The Institute of Directors has consistently argued that deficit reduction should start sooner rather than later, and that it should be based on lower public spending, not higher taxation.

At times of fiscal crisis a spending squeeze can be growth-positive, not negative. The Eversheds report shows that many countries have yet to learn this lesson.”

Graeme Leach,
Chief Economist and Director of Policy at the UK-based Institute of Directors
Of the countries reviewed, those in the EU need to reduce their debt levels the most urgently (although there are a couple of honourable exceptions). Those governments have woken up to their fiscal predicament, with many now regarding cutting their budget deficit as their key priority.

However, the concern is that their plans will be derailed by economic or political factors. There is worrying evidence of this occurring among those who have already been on an austerity drive for a while. On the other hand, those EU countries which successfully implement the painful measures required to tackle their debt levels look set to be burdened with an extended period of sluggish economic performance. The threat of the Japanese experience of economic stagnation since the early 1990s, or even a return to recession, looms large.

The picture is much more healthy in the reviewed countries outside Europe. The most affected have sufficient breathing space to be able to reduce their budget deficits gradually, thereby lowering the risk of harming their economic prospects. For the others, the absence of high levels of unsustainable public debt means that they can continue to invest from a position of strength. They are therefore better placed to take advantage of future growth opportunities.

There are notable differences between the approaches being taken by governments to tackle their debt levels. Some have been on an austerity drive for the last couple of years, while others are only now starting on theirs. Several are seeking to spread the austerity measures (and the associated pain) over a few years, but others have decided to front-load many of the measures. In addition, some governments seem to be at risk of relying on over-optimistic levels of future economic growth to meet their deficit-cutting targets.

However, there are also some clear trends from the various governments’ deficit-cutting measures. Spending cuts have recently been used much more widely than tax hikes, and this looks set to continue over the next year. Indeed, several countries have used tax cuts in the past year to boost the economic growth of their private sectors, with corporation tax cuts being the favoured tool. VAT has been the most popular tax to increase, since it is generally regarded as the least growth-impeding tax - and an increase would generate significant extra tax revenues. In addition, many countries are unsurprisingly focusing on ensuring that they collect a greater share of the tax which they believe should be paid, for example by reducing the black economy or clamping down on tax evasion.

The recent economic crisis has given the countries a painful reminder of the power of the financial markets. For example, this has prompted the Abu Dhabi government to set up a debt management office, to give investors greater transparency on the data for making informed decisions on investing in its debt. The crisis has also reinforced the need for many Middle Eastern countries to reduce the reliance of their government revenues on oil and gas prices, with the introduction of a VAT system across the whole of the Gulf Cooperation Council being seriously considered as part of that solution.

What lessons can be learned from the review’s findings? In our view the main one is that all countries should adopt a robust constitutional debt brake, to prevent them from suffering precarious public debt levels in the future. Removing much discretionary spending power from the politicians has enabled Switzerland to withstand the full force of the global recession and be well placed for the worldwide economic recovery.

The EU currently has a constitutional debt brake in the form of caps on the permitted public debt and budget deficit levels of its members. However, it is essentially toothless: its sanctions are not tough, and they do not apply to member states which have not adopted the euro and, despite regular breaches, have never been enforced against euro zone members. This debt brake needs to be strengthened and enforced rigorously, so that breaches of it result in more than mere political embarrassment. In the meantime, though, member states should consider following Germany’s lead in unilaterally introducing a debt brake (which, in Germany’s case, requires its structural budget deficit to be capped at 0.35% of GDP in 2016).

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Executive summary

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However, the concern is that their plans will be derailed by economic or political factors. There is worrying evidence of this occurring among those who have already been on an austerity drive for a while. On the other hand, those EU countries which successfully implement the painful measures required to tackle their debt levels look set to be burdened with an extended period of sluggish economic performance. The threat of the Japanese experience of economic stagnation since the early 1990s, or even a return to recession, looms large.

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A high level of public debt is only a problem when the country needs to tap the financial markets to fund that debt and those markets begin to lose confidence in the government’s ability to service it and so charge a higher price for providing the funding. The countries with the three highest levels of public debt in Chart 1 (Singapore, Italy and Belgium) have high personal savings rates. This enables their governments to finance much of their debt from domestic savings, which reduces their reliance on the external financial markets. Singapore is an extreme example of this: it has not borrowed externally for over 20 years.

The market’s confidence in the EU member states (and particularly those within the euro zone) slumped earlier this year, which resulted in the May bail-out of Greece by the EU and IMF. Many of the established European economies had been at fault by failing to use the earlier boom times to reduce their public debt levels, so their debt burdens were already significant at the start of the recession. As they then introduced economic stimulus packages, those debt levels rose to worrying heights - and are continuing to rise. The EU requires its member states to have public debt levels of no more than 60% of GDP, but the level for the whole of the EU currently exceeds 75%.

Aside from the UAE (which is burdened by Dubai’s debt crisis), the public debt levels in the Middle East are unsurprisingly low, given the high oil prices in the boom years. China and Hong Kong also have sustainable levels of public debt, helped by their projected high rates of future economic growth. The figure for China does not take account of the worrying explosion of local government borrowing over recent years, however, which raises the prospect of significant bad debt for the country’s banks and so may cause issues for the Chinese central government in the future.

Besides the actual levels of public debt, the markets are understandably concerned about their expected future trajectory - will the levels be going up or down, and at what rate? Where a government borrows to finance its budget deficit in any particular year, the level of public debt rises by that amount. Chart 2, which is on the next page and shows the current public debt and annual budget deficit levels of each country, is therefore a better reflection of the countries’ relative financial position.
Once budget deficit levels are taken into account, Ireland stands out from the crowd. Its high current budget deficit of around 17% of GDP is even more worrying given the large amount of fiscal consolidation which its government has carried out so far, although the deficit figure has been temporarily inflated by some recent bailouts of its banks.

Interestingly, only two of the reviewed member states currently satisfy the EU rule of having a budgetary deficit of no more than 3% of GDP: Estonia and Sweden. Estonia’s finances have been kept under tight control, to ensure that it will be accepted as a euro zone member in January 2011. Sweden therefore provides a better lesson for other member states.

Sweden adopted a conservative fiscal policy in the previous extended period of economic growth, so it had a budget surplus heading into the global crisis. This stability has allowed the government to run only moderate budget deficits to fund its ambitious economic stimulus plan during the recession, and these tax cuts and welfare programmes have helped to buoy domestic demand in its economy. Because of its sound finances, Sweden is not under pressure to reduce its government spending in ways that could hinder the sustainable growth of its economy. Its economic prudence also makes the current government poised to win the most votes in this month’s political elections.

The sound fiscal performance of Switzerland is also notable. It can be largely attributed to the country’s constitutional requirement that, although the government may run annual deficits, public revenue and expenses must balance over an entire economic cycle. This debt brake helped Switzerland rein in its spending and build up buffers for the recession.

Budget deficits comprise of structural and cyclical elements. While the cyclical portion will be corrected by the country’s economy returning to growth, the structural portion results from a fundamental imbalance in the government receipts and expenses. The structural deficit therefore indicates what needs to be tackled through tax and spending measures.
Based on the IMF’s estimates for the structural deficits of some selected countries in 2010, Chart 3 shows that Ireland has the highest projected structural deficit of the countries reviewed for this report, with the UK and Spain following close behind. To put this into perspective, Greece has required a significant bail-out from the EU and IMF and its projected structural deficit is not much larger. The surprise statistic is that the USA heads the table, and yet the US Federal Reserve has recently decided to continue its economic stimulus programme. Is the USA relying on the premise that it is too big to fail?

The size of the economy is certainly a factor. Although Chart 2 may suggest that Hungary and Latvia are financially better placed than Spain or the UK, these two emerging economies have already been bailed out by the EU and IMF earlier in this recession.

Outside Europe, those countries with budget deficits are under less market pressure. South Africa’s previous fiscal conservatism, for example, has given it sufficient breathing space to cut its deficit gradually over the medium term, allowing it to continue to promote economic growth through tax cuts and spending support in the meantime. Hong Kong and Singapore currently have small budget deficits, but these are cyclical in nature.

Even more healthily, the Middle Eastern economies of Qatar, Saudi Arabia and the UAE do not have a budget deficit and so can continue to invest heavily in their economic futures. The one blemish is Dubai, which continues to weigh down the overall performance of the UAE.

Source: IMF World Economic Outlook Database, April 2010
Projected budget deficit levels for 2013

All of the reviewed EU member states have committed to reduce their budget deficits to meet precise targets over the next few years. Many of these targets are to satisfy the EU limit of 3% of GDP in 2013, if not before then. In addition, in June this year the G20 leaders pledged to halve their budget deficits by 2013.

These commitments have been required to quell market concern. But are they likely to be honoured? Chart 4 shows our projections for the budget deficit levels of the reviewed countries in 2013.

For some countries, there is a danger that their government will say what the markets want to hear but then will not be politically willing and able to adopt the painful measures needed to meet the targets. In Malaysia, for example, investors are growing increasingly sceptical that the current government will push through the proposed economic reforms, due to opposition from ethnic Malays (who form its core support base). The delay in forming coalition governments in Belgium and the Netherlands, and the prospect of future political instability caused by differences between the various coalition partners, is also likely to affect their ability to achieve their targets. Moreover, not all countries’ trade unions will be as understanding as those in Ireland, where the unions’ leaders have avoided strike action for fear of triggering a bond market crash.

In addition, there is a concern that some governments are being unrealistic in how they can meet their targets. For example, France’s plans remain vague (in stark contrast to Germany and the UK) and are at risk of relying on over-optimistic levels of future economic growth. Spain also seems dependent on high rates of economic growth to cut the deficit in line with its targets.

Some countries are expected to miss their targets, however, through no fault of their own. The most relevant example is Ireland, which has won praise from investors for pushing through sharp austerity measures earlier than most and is expected to continue to take painful actions to reduce its budget deficit. However, there is a real concern that those actions could act as a major drag on the country’s economic recovery and even perhaps cause it to slide back into recession, posing a significant threat to its plans to meet the EU target of 3% of GDP by the end of 2014.

Of the 18 EU member states surveyed, we expect only half of them to have budget deficit levels in 2013 which satisfy the limit of 3% of GDP.
Since coming into power earlier this year, the UK coalition government has taken decisive action to tackle its deficit. Only a month after its formation, for example, it outlined tax changes and spending plans for the next 5 years. The need for compromise to keep both coalition partners happy makes it unlikely that sufficient measures will be taken to enable it to meet its ambitious aim to eliminate its structural budget deficit within 5 years, but we expect it to have made significant in-roads into the deficit by 2013. However, the legacy is likely to be an extended period of sluggish economic growth with weak domestic demand.

Hungary acts as a warning for others now considering how quickly to reduce their deficits. It was in an austerity-induced slump in 2007, even before the global downturn, and since being rescued from insolvency by the EU and IMF in 2008 it has been forced to renegotiate budget targets with them because it found that the spending cuts and tax hikes pushed its economy into much deeper recession than expected. The resulting economic crisis caused the previous government to lose in the elections this spring, and the new government appears determined to seek to stimulate the economy even if that costs it the support of the IMF and EU. We expect Hungary to miss the target set by the EU of reducing its deficit to 3% of GDP in 2011, but it should still be reaching that figure by 2013. Nevertheless, this will have been achieved at huge economic and political cost, and it will still have a worryingly high level of public debt.

Latvia and Lithuania have also suffered deep recessions, with staggering drops in GDP of 18% and 15% respectively last year. As a result, the significant spending cuts which they have made in the past have had little impact on their deficit-to-GDP ratios. Latvia’s reliance on the IMF and Lithuania’s eagerness to achieve euro adoption should mean that both countries will take all measures required to reach the 3% EU limit by 2013 - which in Lithuania’s case the government is hoping will be achieved by increasing revenues from the state-owned enterprises through an efficiency drive, rather than by needing to introduce further painful austerity measures.

Outside Europe, the picture is still projected to be much rosier. In particular, the reviewed countries in the Middle East are expected to experience significant budget surpluses in 2013 courtesy of the global economic recovery boosting oil and gas prices.

“There is a danger that some governments will say what the markets want to hear but then will not be politically willing and able to adopt the painful measures needed to meet their targets”

David Jervis
Head of International Tax, Eversheds

“"The fact that so many countries are adopting significant austerity measures at the same time will act as a drag on the worldwide economic recovery. Weak economic growth will in turn make it harder for governments to meet their budget deficit targets”

Gavin McGuire
Tax Partner, Eversheds O’Donnell Sweeney

“We’re seeing that the tough government measures to control the deficit, together with a reduction in costs and the availability of a highly trained workforce, are encouraging international investors to locate their EMEA headquarters in Ireland”

Gavin McGuire
Tax Partner, Eversheds O’Donnell Sweeney
Deficit-cutting measures

The two main ways for a government to cut its budget deficit are for it to reduce its expenditure or to increase its tax revenues (by either increasing its tax rates or extending its tax base). The IMF recommends that fiscal consolidations be dominated by spending cuts (typically to the tune of 80% compared to only 20% for tax increases). Historically, however, tax increases have been a more favoured way of reducing deficits.

Charts 5 and 6 show that most of those reviewed countries which are adopting budget-cutting measures have been relying much more on spending cuts recently and look set to do so over the next year. Austria has announced that 60% of its fiscal consolidation will be achieved from spending cuts and 40% from increased tax revenues, for example, while the UK is envisaging a 77%-23% split. Part of this weighting towards spending cuts is likely to be caused by the urgency of the need for countries to be reducing their deficits, because there is a considerable time lag before tax increases flow through into greater tax revenues. Another contributing factor is that many of the reviewed countries already have relatively high tax burdens.

Nearly 40% of the countries reviewed have reduced their overall tax levels over the past year, whereas only 10% are expected to do so over the next year. Governments across the world have broadly finished introducing their fiscal stimulus packages.

“16 of the 18 EU member states reviewed are expected to make public spending cuts over the next year, whereas three-quarters of the reviewed countries outside Europe are expected to increase their public expenditure over that period. This continued investment by those non-European countries makes them well placed to take advantage of future growth opportunities”

Caspar Fox
Tax Partner, Eversheds
Charts 5 and 6 also show that many countries are at different stages of introducing their budget-cutting measures. The likes of Austria, France and Germany have only recently moved from taking measures to stimulate their economies to focusing sharply on reducing their deficits, whereas Hungary, Ireland, Latvia and Lithuania started their austerity drives before the period covered by the review.

Not surprisingly, many of those countries with middling deficits (such as Belgium, Denmark, the Netherlands, Malaysia and South Africa) appear to be seeking to reduce them in a gradual, measured way, since they seem to have the luxury to do so.

Two countries in eastern Europe with middling deficits are proposing to introduce significant measures over the next year to tackle their deficits, however, even though their debt levels remain well below western European levels. The government in Poland is anxious to prevent its public debt exceeding 55% of GDP, as this would automatically trigger painful spending cuts which would be likely to hurt public support for it. The government has therefore confirmed a cap on discretionary spending and further privatisation, and it envisages a 1% rise in VAT from 2011. While there is no constitutional debt brake in the Czech Republic forcing its hand, the government there is similarly seeking to show that it has not lost control of public debt (which has been rising quickly in recent years).

France is seeking to spread its measures and the associated pain over a few years, in contrast to the UK’s more front-loaded approach. Both governments are looking for the perfect balance between introducing austerity measures which restore the markets’ faith in their public finances without pushing their economies back into recession or causing them to lose political power. Although the French approach may in theory produce the better result economically, the concern is that it is more at risk from dwindling political stamina for austerity in the future as elections loom.

Outside Europe, Qatar, Saudi Arabia and the UAE look set to expand their public expenditure programmes as they seek to diversify their economies away from dependence on natural resources. China, Hong Kong and Singapore will also continue to make significant public investments.

International public debt review: a comparison of 28 countries
Last year’s tax measures

Chart 7 shows which of the main categories of tax had either their rate or their scope increased or decreased over the last year in the 28 reviewed countries, and by what extent.

The most striking feature is the number of countries which reduced the corporation tax burden last year. Even for the one country (Hungary) which materially increased its corporation tax rates in that period, some of this increase looks set to be reversed soon.

These corporation tax reductions have been driven by the desire to attract foreign investment and stimulate the domestic economy. Many governments (such as the UK) view a reduction in corporation tax charges as a good way of boosting the private sector at a time when tough measures are being taken to scale back the public sector. For example, Qatar has cut its corporate tax rate to a flat rate of 10% as part of its initiative to attract foreign investment to produce a hi-tech, service-based economy which is not dependent on the oil and gas sectors. Despite the pressure to deliver a strong austerity drive, Ireland appears to regard its low corporation tax rate as sacrosanct. Similarly, the government of Slovakia has pledged not to increase its flat rate of corporate tax.

The other noteworthy trend is that several countries have increased their consumption tax (ie VAT) rates over the last year. OECD research suggests that consumption tax is the least growth-impeding tax, and its broad base means that a rise in its rate generates significant additional tax revenues. Several governments (such as Slovakia, Spain and the UK) have therefore decided that this is the least bad tax to raise - despite the charge that it is a regressive tax.

Chart 7 shows a mixed picture for income and social security taxes. Several countries have reduced the burden of one or both of them over the past year, while others have implemented increases during the same period. This reflects the differing financial positions and policy approaches of the countries reviewed. Sweden has been able to reduce its income tax burden significantly over the past year from a position of strength, for example, whereas the likes of Ireland, Lithuania and the UK have raised their income and social security tax charges as part of their austerity measures.

Nearly one third of the countries reviewed have lowered their corporation tax burdens over the past year, while nearly 50% have increased consumption taxes.
Next year’s tax measures

Chart 8 looks at the next year, gauging the extent to which the reviewed countries are expected to be introducing tax measures. Unsurprisingly, fewer tax cuts are expected, as their economies recover from recession and governments focus on cutting their deficits. A notable exception is Hungary, which is intending to reduce its corporate and personal income tax rates because its new government believes that the economy needs to be stimulated after 3 years of austerity.

Some countries (such as Poland) are expected to raise their consumption taxes in the near future. Beyond the next year (and so not covered by this review), it also seems likely that a VAT system will be introduced in Malaysia and across the Gulf Cooperation Council (which includes, among others, Qatar, Saudi Arabia and the UAE) - to reduce the dependence of their government revenues on oil and gas prices.

Capital gains and wealth taxes are taxes on the rich, and so increases in them are still likely to be used in the next year to ensure that the rich take their appropriate share of the pain. China is focused on ensuring that the gap between the rich and the poor does not pose a threat to the country’s social harmony, and rumours are circulating that it will introduce a social security tax and trial a wealth tax (in some areas) in an effort to restrict this widening gap.

Not shown on Charts 7 and 8 is a new and very topical type of tax. Taxes specifically on banks or bankers’ bonuses are being introduced by some EU countries (such as France, Germany and the UK). In addition, the EU is considering the possibility of a tax on financial transactions by its member states. Although the G20 leaders could not recently agree on a proposal for a global bank or financial transactions tax, several countries are likely to introduce taxes to ensure that the financial sector makes a “fair and substantial” contribution to the cost of the economic crisis. However, countries will need to ensure that these taxes are not so large as to cause banks simply to relocate to countries which do not impose a tax. There is concern that the large bank tax recently imposed in Hungary, for instance, could prompt foreign banks to scale back their Hungarian operations.
Reducing the tax gap

Chart 9: Extent of recent measures being taken to reduce the tax gap

Countries are taking varying approaches to tackle their tax gaps. Concerted attempts are being made in Denmark and Latvia to reduce their black economies, and Albania has required all payments for goods and services to be registered with their tax authorities unless made through a bank. Tax amnesties are proving a popular tool, with Italy leading the way, while France, Ireland and the UK are taking serious measures to close down tax loopholes which exist in their legislation.

As part of its drive to ensure that the widening gap between rich and poor does not cause social unrest, China is expected to enforce more thoroughly the requirement that wealthy individuals must report their income directly to the tax authorities each year. The recent push by several countries to reduce their tax gaps has also impacted on low-tax jurisdictions such as Switzerland and Singapore, who have been coerced into helping other countries to fight cross-border tax evasion.

Hungary plans to begin phasing in a flat 16% tax rate on personal income at the beginning of 2011, which will significantly reduce the rate of tax paid by higher earners. Based on experiences elsewhere (such as in Slovakia), this is expected to lower the level of tax evasion and may actually lead to higher tax revenues.

Other than raising tax rates or extending the tax base, a further way for governments to increase their tax revenues is by reducing the “tax gap” in their country. There is no single definition of what constitutes the tax gap, but essentially it represents the amount of total tax which should be collected but is not. It covers a broad spectrum of matters, including tax evasion, fraud and the black economy (also known as the shadow economy).

Few countries have carried out a detailed study of the size of their tax gap. The tax gap in the UK is approximately 8% of the total tax which should be collected, and it is likely to be considerably higher in many other countries. For instance, Latvia estimates that its shadow economy accounts for 20-30% of its GDP, while a recent study suggests that the amount of income unreported by China’s households equates to approximately 30% of the country’s GDP.

Given the need to cut budget deficits at a time when tax revenues are low but tax rates are already high, several countries in Europe have not surprisingly been focusing on reducing their tax gaps (see Chart 9) - especially as a crackdown on tax evaders is a popular message with the electorate and arguably a political requirement in the current pressured times.

More than half of the reviewed countries (and nearly three-quarters of those in Europe) are taking additional measures to reduce the “tax gap.”
The recent global economic crisis has served as a painful reminder of the power of the financial markets. The immediate focus of countries has been to restore the markets’ confidence in their economies. This has resulted in them taking action beyond the austerity measures discussed in this report. For example, the Abu Dhabi government is setting up a debt management office to give investors greater transparency on the data for making informed decisions on investing in its debt.

The crisis has also reinforced the need for several countries to reduce the reliance of their government revenues on oil and gas prices. The Malaysian government remains committed to introducing a goods and services tax, which would make it less dependent on payments by the national oil company (which currently supply more than 40% of government revenues). The introduction of a VAT system across the whole of the Gulf Cooperation Council is also being seriously considered, to meet the need for governments in that region to diversify their revenue tools.

In our view, though, the most important lesson that countries can learn from the crisis is to adopt a robust constitutional debt brake, to prevent them from suffering precarious public debt levels in the future. Some countries have already recognised this: Germany introduced a debt brake last year which requires its structural budget deficit to be capped at 0.35% of GDP in 2016, while the government of Saudi Arabia has announced that it will not consider tapping the debt market until it has lowered its public debt below 10% of GDP.

Of the countries reviewed, Switzerland seems to have had the most effective debt brake at the outset of the recent crisis. The Swiss government is allowed to run annual budget deficits, but it must balance its revenue and expenses over an entire economic cycle. By removing much discretionary spending power from the politicians, this debt brake has helped Switzerland to build buffers for the recession and therefore be well placed for the economic recovery.

In contrast, the current EU rules on public debt and budget deficit levels are less restrictive and are essentially toothless. The sanctions are not tough, and they do not apply to member states which have not adopted the euro and, despite regular breaches, have never been enforced against euro zone members. These rules need to be strengthened and enforced rigorously, so that breaches of them result in more than mere political embarrassment. This debate has begun recently, but member states should consider following Germany’s lead in unilaterally introducing a debt brake of their own in the meantime.

Final thoughts: lessons to be learned

All countries should adopt a robust constitutional debt brake, to prevent them from suffering precarious public debt levels in the future

About the review

The review covers the following 28 countries: Albania, Austria, Belgium, China, the Czech Republic, Denmark, Estonia, France, Germany, Hong Kong, Hungary, Ireland, Italy, Latvia, Lithuania, Malaysia, the Netherlands, Poland, Qatar, Saudi Arabia, Singapore, Slovakia, South Africa, Spain, Sweden, Switzerland, the United Arab Emirates and the United Kingdom.

Colleagues from Eversheds’ offices in each of these countries have contributed to this review, and we greatly appreciate the insights which they have provided. The report has then been prepared by Eversheds in the UK, drawing out the trends and anomalies from these contributions and some supplemental research.

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About Eversheds

Eversheds is an international law firm, with offices in each of the 28 countries covered by this review. Our experts around the world apply specialist sector knowledge and commercially-focused legal advice to deliver a high-quality, personalised service. We use modern techniques to produce measurable results, cost transparency and value for money.

Eversheds’ international tax practice finds a way through the maze of widely differing tax systems encountered by businesses operating across national borders. We deliver practical solutions and secure maximum tax efficiency, whether providing transactional or stand-alone tax advice or dealing with tax authority enquiries. Our legal skills also enable us to ensure that the final tax strategy is implemented correctly, which is crucial to the success of all tax planning.

If you require any help in relation to tax matters, please contact David Jervis (our Head of International Tax) on +44 845 498 4780 or davidjervis@eversheds.com or access www.eversheds.com for the contact details of a member of the tax team in your local office.
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