The myth of Australia as a ‘low tax’ country

In 2011 Australia’s real tax-to-GDP ratio was **32.2 per cent** (if superannuation and private health payments are counted as taxes). The OECD tax-to-GDP average was **34.1 per cent**.

Australians are told we are a ‘low tax’ country. The Australian Treasury Department claims ‘Australia’s tax-to-GDP ratio is low by international standards’.

**Taxes in other OECD countries include taxes paid to finance social security and health spending. But when calculating Australia’s taxes, Treasury and the OECD don’t include as taxes either compulsory superannuation contributions or payments for private health insurance. (This difference has been noted by many economists. Payments for these are effectively taxes because there are legal penalties for non-payment.)**

This reveals, contrary to the myth, that Australia is not a ‘low tax’ country. Since 2011 taxes in Australia have risen. It is quite possible that when more recent data becomes available Australians will discover they live in a high tax country.

To read the full report *The Australia ‘low taxing country’ myth* visit [www.ipa.org.au](http://www.ipa.org.au). For more information contact: **Mikayla Novak, Senior Research Fellow, mnovak@ipa.org.au**.