OECD launches COVID travel blueprint

31/05/2021 – OECD Ministers have endorsed a new initiative to promote safe international travel during the COVID-19 pandemic at the OECD's annual Ministerial meeting in Paris.

The Initiative involves a safe travel blueprint and a temporary international cross-sectoral forum for knowledge sharing. The forum will allow governments and stakeholders to share information in real time on plans and approaches facilitating travel. The blueprint promotes greater certainty, safety and security in travel as reopening takes place. It builds on existing initiatives and aims to increase interoperability amongst travel regimes. It will be used by countries on a voluntary basis.

International air passenger transport dropped around 75% in 2020 and international tourism fell by around 80%. For the average OECD country, pre-pandemic, international tourism contributed 4.4% of GDP, 6.9% of employment, and 21.5% of service exports, but with much higher shares for some countries, including Greece, Iceland, Mexico, Portugal and Spain. The halt in international travel and tourism is having a dramatic knock-on impact on the entire, interlinked global economy.

"The OECD is in a unique position to help countries coordinate international action in the context of reopening global travel," said OECD Secretary-General Angel Gurría at the Ministerial meeting in Paris. "This initiative will help reduce uncertainty and complexity and enable countries to prepare more effectively for a return to safe international travel and tourism."

Without an international framework for travel policies, a patchwork of national and regional rules, inconsistent with each other, will continue to be confusing and costly for travellers and transport and tourism companies, discouraging travel due to the uncertainty and complexity. It could also increase the incidence of use of fraudulent certificates and so undermine the ability of authorities to mitigate public health risks.

The OECD Blueprint, initiated by Spain, supports and complements existing international initiatives, such as the European Union's proposed 'Digital COVID-19 Certificate', by taking a principles-based approach to ensuring that they are compatible with each other, and adopted in a consistent way across a range of countries.

The Blueprint is a flexible and voluntary set of guidelines not a legal text. It consists of a traffic-light system to classify risks; guidance on how vaccination should be certified for travel to those countries that decide to take vaccination status into account; protocols for testing travellers in different circumstances; and principles to be followed in generating electronic certificates for travel that ensure privacy protection and security and promote interoperability among systems.

Countries that use the OECD Blueprint may do so unilaterally or in bilateral or multilateral agreements, or through mechanisms provided in other bodies, such as, in particular the ICAO Public Health Corridor arrangement.

Read the document and the Q&A for more information.

For more information, journalists should contact the OECD Media Office (tel. + 33 1 45 24 97 00).

Working with over 100 countries, the OECD is a global policy forum that promotes policies to improve the economic and social well-being of people around the world.

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OECD: Costa Rica becomes the organisation’s 38th member country

25/05/2021 – Today Costa Rica has formally become an OECD Member, the 38th country to do so in the Organisation’s 60-year history.

Costa Rica has now completed its domestic procedures for ratification of the OECD Convention and deposited its instrument of accession. This brings to a successful conclusion an accession process that began in April 2015.

OECD Member countries formally invited Costa Rica to join the Organisation in May 2020, following a five-year accession process during which it underwent in-depth technical reviews by 22 OECD Committees and introduced major reforms to align its legislation, policies and practices to OECD standards. These spanned a wide range of policy areas and included a comprehensive reform of competition policy and enforcement, a redesign of the national statistics system, the introduction of criminal liability of legal persons for foreign bribery and the establishment of a register of shareholders to ensure tax transparency.

Welcoming the news, OECD Secretary-General Angel Gurría said: “We are delighted to welcome Costa Rica into the OECD family at a time when multilateralism is more important than ever. We have been impressed that the cross-party commitment to OECD accession that we witnessed during the accession process continued into the ratification phase, despite the pandemic. This reflects the importance of working together for designing and implementing better policies, and Costa Rica will no doubt represent a new beacon for the OECD in the region,” Mr Gurría said.

Costa Rica’s accession will extend the OECD’s membership to 38 countries. It will be the fourth Member country from the Latin America and Caribbean region to join following Mexico, Chile and Colombia.

Further information on Costa Rica’s engagement with the OECD.

Media requests should be directed to the OECD Media Office (+33 1 4524 9700)

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Note to Editors:

The Paris-based Organisation for Economic Co-operation and Development (OECD) is an international organisation that promotes policies to improve the economic and social well-being of people worldwide. It provides a forum in which governments can work together to share experiences and seek solutions to the economic, social and governance challenges they face.

The OECD’s 38 members are: Austria, Australia, Belgium, Canada, Chile, Colombia, Costa Rica, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.

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Tax: Inheritance, estate and gift taxes could address inequality and improve public finances

11/05/2021 – Inheritance taxation can be an important instrument to address inequality, particularly in the current context of persistently high wealth inequality and new pressures on public finances linked to the COVID-19 pandemic, according to a new OECD report.

Inheritance Taxation in OECD Countries provides a comparative assessment of inheritance, estate and gift taxes across the 37-member OECD, and explores the potential role these taxes could play in raising revenues, addressing inequalities and improving the efficiency of tax systems in the future.

The report highlights the high degree of wealth concentration in OECD countries as well as the unequal distribution of wealth transfers, which further reinforces inequality. On average, the inheritances and gifts reported by the wealthiest households (top 20%) are close to 50 times higher than those reported by the poorest households (bottom 20%).

The report points out that inheritance taxes – particularly those that target relatively high levels of wealth transfers – can reduce wealth concentration and enhance equality of opportunity. It also notes that inheritance taxes have generally been found to generate lower efficiency costs than other taxes on the wealthy, and to be easier to assess and collect than other forms of wealth taxation.

A majority of OECD countries currently levy inheritance or estate taxes – 24 in total. However, these taxes typically raise very little revenue. Today, only 0.5% of total tax revenues are sourced from inheritance, estate and gift taxes on average across the countries that levy them.

Generous tax exemptions and other forms of relief are a key factor limiting revenue from these taxes, according to the report. In addition to limiting revenue, relief provisions primarily benefit the wealthiest households, reducing the effective progressivity of inheritance and estate taxes.

Individuals are often able to pass on significant amounts of wealth tax-free to their close relatives thanks to high tax exemption thresholds. Tax relief is also common for transfers of specific assets (e.g. main residence, business and farm assets, pension assets, and life insurance policies). In a number of countries, inheritance and estate taxes can also largely be avoided through in-life gifts, due to their more favourable tax treatment.

These provisions reduce the number of wealth transfers that are subject to taxation, sometimes significantly so. For instance, across eight countries with available data, the share of estates subject to inheritance taxes was lowest in the United States (0.2%) and the United Kingdom (3.9%) and was highest in Switzerland (12.7%) (Canton of Zurich) and Belgium (48%) (Brussels-Capital region).

"While a majority of OECD countries levy inheritance and estate taxes, they play a more limited role than they could in raising revenue and addressing inequalities, because of the way they have been designed," said Pascal Saint-Amans, director of the OECD Centre for Tax Policy and Administration. "There are strong arguments for making greater use of inheritance taxes, but better design will be needed if these taxes are to achieve their objectives."

The report underlines the wide variation in inheritance tax design across countries. The level of wealth that parents can transfer to their children tax-free ranges from close to USD 17 000 in Belgium (Brussels-Capital region) to more than USD 11 million in the United States. Tax rates also differ. While a majority of countries apply progressive tax rates, one-third apply flat rates, and tax rate levels vary widely.

The report proposes a range of reform options to enhance the revenue potential, efficiency and fairness of inheritance, estate and gift taxes, while noting that reforms will depend on country-specific circumstances.

It finds strong fairness arguments in favour of an inheritance tax levied on the value of the assets that beneficiaries receive, with an exemption for low-value inheritances. Levying an inheritance tax on a lifetime basis – on the overall amount of wealth received by beneficiaries over their lifetime through both gifts and inheritances – would be particularly equitable and reduce avoidance opportunities, but could increase administrative and compliance costs. Scaling back regressive tax reliefs, better aligning the tax treatment of gifts and inheritances and preventing avoidance and evasion are also identified as policy priorities.

To make these taxes more acceptable by the public at large, the report underlines the need to provide citizens with information on inequality and the way inheritance and estate taxes work, as these tend to be misunderstood.

“Inheritance taxation is not a silver bullet, however,” said Mr Saint-Amans. “Other reforms, particularly in relation to the taxation of personal capital income and capital gains, are key to ensuring that tax systems help reduce inequality. The OECD will be undertaking new work in that area, in particular as the progress made on international tax transparency and the exchange of information is giving countries a unique opportunity to revisit personal capital taxation.”

Experts from the OECD Centre for Tax Policy and Administration will lead a webinar discussion of the report on **Wednesday 12 May 2021 at 11:00 CEST**. Register.

Further information on *Inheritance Taxation in OECD Countries* is also available at: http://oe.cd/inheritancetax.

Media enquiries should be directed to Pascal Saint-Amans, Director, OECD Centre for Tax Policy and Administration (+33 1 4524 9108), David Bradbury, Head of the OECD’s Tax Policy and Statistics division (+33 1 4524 1597), or to Lawrence Speer (+33 1 4524 7970) in the OECD Media Office (+33 1 4524 9700).

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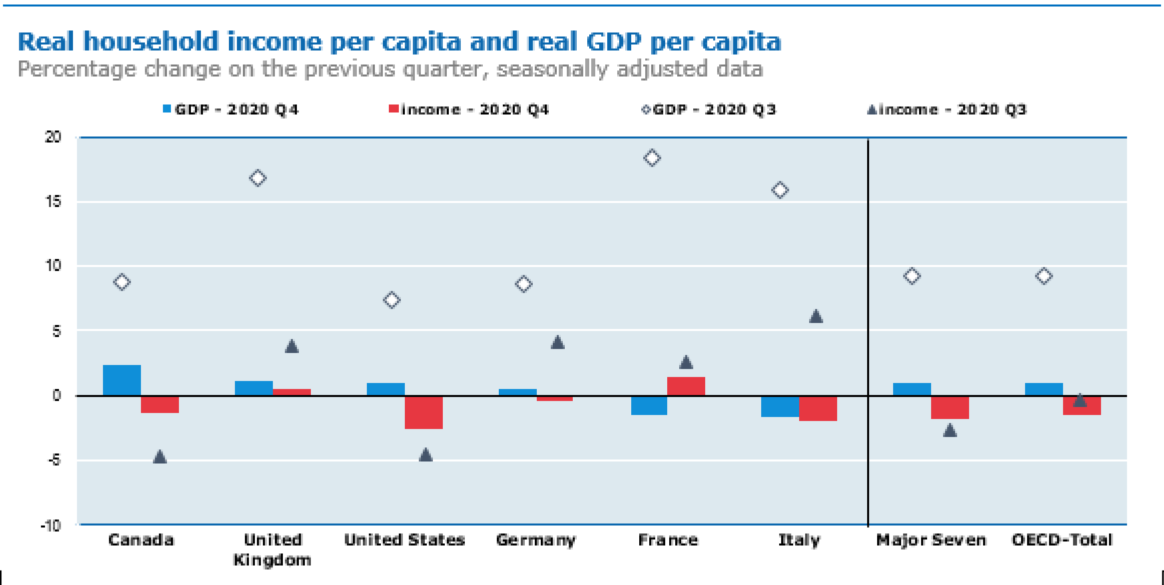
[Economy: OECD household income falls in Q4 2020, but grows overall in COVID-19 affected year]

OECD household income falls in the fourth quarter of 2020, but grows overall during COVID affected year

[**Download the entire news release (including graphs and tables PDF)**]

6 May 2021 – Real household income per capita, which provides a better picture of people's economic well-being than GDP, fell by 1.4% in the **OECD area** in the fourth quarter of 2020. This decline occurred despite a continued rise in real GDP per capita for the **OECD area** by 1.0%, following the sharp increase by 9.2% recorded in the previous quarter. Cumulatively however, since 2019 Q4, real household income per capita increased by 2.0% in the **OECD area**, while real GDP per capita declined by 3.4%.

Overall, the decline of 1.4% is the largest quarterly decline in real household income per capita since 2013 Q1 and reflects many governments across OECD countries reducing the level of COVID related transfer payments to households, after the unprecedented levels of support provided earlier in 2020.



Source: [OECD Household Dashboard: cross country comparisons]

> [Household Dashboard] for quarterly growth rates of real household income per capita and real GDP for all OECD countries (when available) and geographic groupings.

> Non-financial accounts by economic sector for the full set of non-financial quarterly sector accounts

@OECD_STAT

Economy: Labour market disruption and COVID-19 support measures contribute to widespread falls in taxes on wages in 2020

29/04/2021 – The COVID-19 crisis has resulted in the largest decrease in taxes on wages since the global financial crisis of 2008-09, according to a new OECD report.

Taxing Wages 2021 shows that declining household incomes coupled with tax reforms linked to the pandemic are driving widespread declines in effective taxes on wages across the OECD.

The report highlights record falls across the OECD during 2020 in the tax wedge – the total taxes on labour paid by both employees and employers, minus family benefits, as a percentage of the labour cost to the employer.

The tax wedge for a single worker at the average wage was 34.6% in 2020, a decrease of 0.39 percentage points from the previous year. This is a significant fall, but is smaller than the decreases seen in the global financial crisis – 0.48 percentage point in 2008, and 0.52 percentage points in 2009. The tax wedge increased in 7 of the 37 OECD countries over the 2019-20 period and fell in 29, mainly due to lower income taxes.

The drop in the tax wedge was even more significant for households with children, bringing tax rates on these family types to new lows. The average tax wedge for a one-earner couple at the average wage with children in 2020 was 24.4%, a decrease of 1.1 percentage points versus 2019. This is the largest fall and lowest level seen for this household type since the OECD started producing *Taxing Wages* in 2000.

Between 2019 and 2020, the tax wedge for this household type decreased in 31 countries, and rose in only 6. It decreased by more than 1 percentage point in 16 countries. The largest decreases were in Lithuania, the United States, Poland, Italy, Canada and Korea. The only increase over 1 percentage point was in New Zealand.

The gap between the OECD average tax wedge for the single average worker (34.6%) and the one-earner couple with children (24.4%) has widened by 0.7 percentage points since 2019, reflecting policy changes that provided additional support to families with children during the COVID-19 crisis.

The falls in country tax wedges for the single worker, the one-earner couple with two children, and the single parent resulted predominantly from changes in tax policy settings, although falling average wages also contributed in some countries. By contrast, increases in the tax wedge were almost all driven by rising average wages, offset only slightly by policy changes.

Of the ten countries where specific COVID-19 measures affected the indicators, support was primarily delivered through enhanced or one-off cash benefits, with a focus on supporting families with children.

The report shows that labour taxation continues to vary considerably across the OECD, with the tax wedge on the average single worker ranging from zero in Colombia to 51.5% in Belgium.

Further information and individual country notes: https://www.oecd.org/tax/taxing-wages-20725124.htm.

Media enquiries should be directed to David Bradbury, Head of the OECD's Tax Policy and Statistics division (+33 1 4524 1597), or to Lawrence Speer (+33 1 4524 7970) in the OECD Media Office (+33 1 4524 9700).

An embeddable data visualisation for this publication is available at:
www.compareyourcountry.org/taxing-wages
Please use the '+share/embed' button to customize this tool for your country and language and to generate the embed code for your website.