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The Relationship between Tax Structure and Economic Developedness: Comparison of Turkey and OECD Countries

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Abstract

The leading resources governments need to be able to realize public expenditures are taxes. Provided that taxes are appropriately applied, taxes have a large effect on the economic growth and development. In a fair taxing system, it is expected that the taxes to be paid is to be compatible with the purchase power of the person, who pays for. In this context, the rate of the direct and indirect taxes in the composition of taxes to be paid for, in other words, in tax structure, is also important. In the less developed and developing countries, indirect taxes consisting of consumption taxes has an important share in tax incomes. In return to this, it is seen that in the developed countries, direct taxes consisting of the income, corporate, and wealth taxes have more share in tax incomes. In this study, the relationship between economic developedness levels of countries and tax structures is wanted to be scrutinized .

Keywords: Tax Structure, Tax Burden, Developedness Level

1.INTRODUCTION

In the world witnessing the great wars and crises, countries are divided into two groups as developed and less developed from economic point of view. In the light of the indicators such as income per capita, literacy rate, average lifetime, mortality rate, amount of saving, and electricity use, ideas can be acquired about the developedness of country. The developments of country is a process and there are some factors affecting the pace of this process. One of these factors is also tax structure.

The most important income resource that governments, which are obliged to spend for being able to perform their primary functions, will use is taxes. Tax, in order to meet the cost of public services, is to transfer resource from the economic units to government under political compulsion and

as return. Taxing, besides providing the necessary resource for public services in time, has been also begun to be used for the other economic and social aims.

The taxes government collects from citizens are levied through the income, expenditure, and wealth. While the taxes levied through the income and wealth take place in the scope of indirect taxes, the sorts of tax such as value added tax (VAT) and special consumption tax (SCT) are counted in the scope of indirect taxes. Since direct incomes are levied as progressive according to the income of taxpayers, they are more fair. However, both the poorest and richest human consume necessities and pay the same tax. This situation naturally leads to injustice in the tax distribution. Therefore, in a country, as indicator of whether or not tax is justly distributed, the rate of direct and indirect taxes in tax burden is regarded to.

Indirect taxes form the largest public revenue in generally developing countries. That in the developing countries, the share of indirect taxes is high, is closely related to the economic growth. In these countries, since tax systems do not completely place, they give weight to the indirect taxes. In the developed OECD countries, the rates of direct taxes including corporate tax, income tax, and motor vehicle tax are higher compared to the indirect taxes including the taxes such as value added tax, special consumption tax. Since the rates of indirect tax are more in the developing countries, in these countries, the distribution of tax burden is unfair. In this direction, in this study, the relationship between the economic developedness levels of Turkey and OECD countries can be scrutinized.

2.CONCEPTUAL FRAMEWORK: THE STRUCTURE OF TAX

Tax structure is a concept used to tell the composition of taxes and their mutual place. It indicates the relative shares, and importance of the taxes constituting the tax systems in either total taxes or the other economic magnitudes such as gross national product (GNP) and government incomes [1]. The discussions on tax structure has concentrated on the economic development and political decision making. That is, tax structure of a country is directly related to the economic structure and also vary with tax structure in the various stages of economic development [2].

With the concept of tax structure, what is wanted to be told in the literature is the criteria of that taxes are direct or indirect. Indirect taxes are the ones, which is easy to reflect it, whose taxpayer is uncertain, and which cannot be predicted when and how much will be collected. Beside these, the possibility to evade these taxes is lower. Value Added Tax (VAT), Special Consumption Tax (SCT), tariffs, banking and insurance transactions taxes (BITT) take place among indirect taxes. Direct taxes are the ones, which is not easy to reflect them, whose taxpayer and collection time is certain, and whose the possibility to evade tax is possible. Among these taxes, income and corporation taxes, real estate tax, and motor vehicles tax take place.

The most important benefit of these classifications is that it enables to collectively be able to evaluate in terms of tax justice. In general, it is accepted that direct taxes are more equitable compared to indirect taxes. The reason for this is that the possibility to be able to tailor to the economic power of taxpayer is more. However, because the taxpayer of indirect taxes is anonymous, it is not possible to individualize these taxes [3].

One of the most important factors affecting tax burden is tax rate. The applications such as raising tax rate or imposing the new additional tax, constituting a psychological press on taxpayers, direct them to avoid tax or evade tax. High tax rates increasing tax rate more affect investment decision of entrepreneurs and reduce capital investments [4].

In terms of the fair and balanced distribution of tax burden in a country, it is necessary to compare the direct and indirect taxes. For, in direct taxes, the progressive tax tariffs can be more effective due to the fact that the applications such as discount are given place. In indirect taxes, the share of goods and services, on which the taxes are applied, in the budget of low income people is more compared to high income people and tax burden can remain primarily on the fixed income people [5].

3.RELATIONSHIP OF TAXES WITH DEVELOPEDNESS LEVEL OF COUNTRIES

While government realizes the economic growth and development as an aim of fiscal policy, it utilizes the instruments such as tax policy, expenditure policy, and borrowing policy. In the developing countries, devoid of a developed monetary market and facing resource insufficiency, the main instrument for mobilizing public resources are tax policies. Taxing, due to both the direct contribution it realizes and indirect effects it creates in terms of control and encouragement, is the most important resource of financing economic development [6].

The achievement of a tax system does not alone mean high tax burden and being able to meet public expenditures. These are whether or not tax system has positive effects on economic development; that investments and savings have capacity to effect in the positive direction; whether or not resource distribution in economy has an effect on this; the effect of correcting income distribution; the degree of being able to meet public expenditures; the ability to be able to be able to embrace tax base; whether or not it is effective in being able to attract foreign capital to the country; in what direction the established firms in country affect international competitive power and, the most important one, whether or not it has a fair tax state [7].An effective tax system should help to reach the main economic and social targets such as the efficiency in public distribution, justice in the distribution of income and wealth, economic stability, and growth. Hence, a good taxing system, first of all, should provide resource for the necessary expenditures of government. Later, it should not impede economic development, provide the finance of development, increase the productivities of production factors and, provide and reorganize the justly distribution of tax burden between individuals constituting society, and redistribution of income and wealth[8].

While direct taxes have a large share in the tax systems of the developed countries, in less developed countries, indirect taxes are predominant. This difference in tax structure is closely related to the policies economy managers will apply, reactions taxpayers will show, foreign investments, and the factors-like. Since direct taxes have a larger share in tax system, in terms of providing tax justice, it is expressed that they are more efficient in the theory and practice. Therefore, that the weight of tax structure consists of direct taxes will be compatible with tax justice [9].

Table 1: Economic Development and Taxes

Sort of Tax	**Development Phases**		
	Agricultural Economy	Industrial Economy	Advance Industrialization
Indirect taxes	Less share	More share	Less share
Direct taxes	More share	Less share	More share
Taxes\GNP	5-10%	10-20%	20%and over

Source: Kenan Bulutoğlu, Kamu Ekonomisine Giriş (Devletin Ekonomik Bir Kuramı), 4. Basım, Filiz Kitabevi, İstanbul, 1988, p.422

In the countries, where agricultural sector is predominant in economy, the importance of indirect taxes increases. Among these, the leading ones are the taxes levied from customs, special sale taxes, and fiscal monopolies. In this stage, the share of direct taxes decreases and mostly consists of land and income taxes Together with the advance of industrialization, the structure of tax system also changes. The income and corporate taxes have an important share in either indirect taxes or total taxes. There is a development in the direction of decrease in the share of indirect taxes and in the favor of sale and value added taxes as a composition. Tariffs and wealth taxes largely disappeared their importance. According to the definition of the developing or, with its another name, emerging economy, these countries are the ones showing high growth rate, being newly industrialized, and having the vulnerable markets. East and Central European Countries, Asian Countries, and most of South America take place in this class .

The point that is important here is the share of the tax incomes of countries in GDP. While this rate can exceed 40% in the developed countries, it is around 20% in the developing countries. While OECD average of the share of tax incomes in GDP was 26-28% in 1970s, in 2013, it was about 34%. These figures show that OECD average did not show more change in years. This rate is important from the aspect of that it indicates how much of the public expenditures in the country are financed by tax incomes and whether or not there is a need for foreign borrowing.

Table 2: The Share of Total Tax Incomes in GDP (%)

	1970	**1980**	**1990**	**2000**	**2005**	**2010**	**2012**	**2013**
Australia	21,1	26,2	28,1	30,4	29,9	25,6	27,3	27,5
Austria	33,7	38,7	39,4	42,1	40,9	40,8	41,7	42,5
Belgium	33,3	40,6	41,2	43,6	43,1	42,4	44,0	44,7
Canada	30,3	30,5	35,3	34,9	32,3	30,4	30,7	30,5
Chile	..	..	17,0	18,8	20,7	19,5	21,5	20,0
Czech Republic	..	..	..	32,5	34,5	32,5	33,8	34,3
Denmark	37,3	41,3	44,4	46,9	48,0	45,3	46,4	47,6
Esthonia	..	..	..	31,0	29,9	33,2	32,1	31,8
Finland	31,2	35,3	42,9	45,8	42,1	40,8	42,7	43,7
France	33,6	39,4	41,0	43,1	42,8	41,6	44,1	45,0
Germany	31,5	36,4	34,8	36,2	33,9	35,0	36,4	36,5
Greece	19,1	20,7	25,1	33,2	31,2	32,0	34,5	34,4
Hungary	..	..	..	38,7	36,8	37,3	38,6	38,4
Iceland	26,7	28,8	30,1	36,2	39,4	33,3	35,2	35,9
Ireland	27,6	30,1	32,4	30,9	29,2	27,5	27,9	29,0
Israel	..	..	..	34,9	33,8	30,4	29,7	30,6
Italy	24,8	28,7	36,4	40,6	39,1	41,8	43,9	43,9
Japan	19,2	24,8	28,5	26,6	27,3	27,6	29,4	30,3
Korea	..	16,9	18,8	21,5	22,5	23,4	24,8	24,3
Luxemburg	22,3	33,8	33,8	37,1	38,3	38,1	38,8	38,4
Mexico	..	14,5	15,5	16,5	17,7	18,5	19,5	19,7
Holland	33,4	40,3	40,2	36,8	36,1	36,2	36,1	36,7
New Zealand	25,1	29,6	36,2	32,5	36,0	30,6	32,4	31,4
Norway	34,3	41,9	40,2	41,9	42,6	41,9	41,5	40,5
Poland	..	..	..	33,1	33,3	31,4	32,3	31,9
Portugal	17,6	21,9	26,5	31,2	30,9	30,6	32,0	34,5
Slovak Republic	..	..	..	33,6	31,2	28,1	28,5	30,4
Sloveia	..	..	..	36,6	38,0	36,9	36,8	36,8
Spain	15,5	22,0	31,6	33,4	35,3	29,9	32,1	32,7
Sweden	35,7	43,7	49,5	49,0	46,6	43,2	42,6	42,8
Switzerland	18,2	23,3	23,6	27,6	26,5	26,5	26,9	26,9
Turkey	8,6	13,4	14,9	24,2	24,3	26,2	27,6	29,3
United Kingdom	35,0	33,4	32,9	34,7	33,8	32,8	33,0	32,9
United States	25,7	25,5	25,9	28,2	25,9	23,2	24,1	25,4
OECD-Average	**26,7**	**30,1**	**32,1**	**34,2**	**33,9**	**32,8**	**33,8**	**34,2**

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Source: Gelir İdaresi Başkanlığı, OECD Üyesi Ülkelere İlişkin Çeşitli Vergi İstatistikleri, 2015

In the period of 1965-2013, the country, in which among OECD countries, the share of tax incomes in GDP increases the most, is Turkey. About low income burden in Turkey, it is considered that unrecorded economy, tax discount, exceptions, and exemptions play important role. The share of the tax incomes of USA, among the developed country, in GDP is relatively low compared to the other many OECD countries. Except for social security premiums, OECD average of the share of tax incomes in GDP ranged between 20% and 25% in the period of 1965-2013. In 2013, 3 countries having the highest tax burden are Denmark, Belgium, and Italy. In return to this, 3 countries with the lowest tax burden are Mexico, Chili, and Korea. It is suggested that the increase in the tax incomes of OECD countries results from the development in the economies of countries of interest, not increasing tax rates.

Again, tax incomes per capita in countries also show parallelism with the developedness of countries.

Table 3:Tax Income per Capita (US $)

	1965	**1980**	**1990**	**2000**	**2008**	**2012**	**2013**
Australia	496	3.094	5.326	6.534	13.363	18.947	18.144
Austria	..	5.478	8.936	10.329	21.235	20.157	21.503
Belgium	..	5.277	8.968	10.088	20.860	19.724	20.930
Canada	711	3.523	7.555	8.563	14.423	16.265	16.057
Chile	..	..	442	951	2.288	3.277	3.149
Czech Republic	..	..	..	1.944	7.558	6.659	6.793
Denmark	633	5.714	11.943	14.402	28.789	26.738	28.635
Esthonia	..	..	..	1.276	5.642	5.472	5.999
Finland	..	3.458	9.941	11.119	21.966	20.247	21.642
France	..	4.606	9.711	9.977	19.758	18.636	19.836
Germany	..	5.099	7.268	8.598	16.150	15.723	16.873
Greece	..	213	1.434	3.977	9.797	7.775	7.338
Hungary	..	..	..	1.783	6.154	4.940	5.181
Iceland	721	4.334	7.727	11.483	19.343	15.668	17.184
Ireland	..	1.653	4.440	8.107	17.405	13.520	14.666
Israel	..	..	..	7.302	9.352	9.666	11.031
Italy	..	1.488	5.934	8.142	16.602	14.952	15.324
Japan	174	2.353	7.309	9.945	10.576	13.714	11.787
Korea	..	289	1.228	2.564	5.051	6.063	6.317
Luxemburg	..	5.888	12.454	18.170	41.890	40.876	47.997
Mexico	..	504	517	1.064	2.046	1.981	2.094
Holland	..	6.873	8.866	9.553	20.712	17.849	18.807
New Zealand	525	2.332	4.829	4.675	10.240	12.809	13.459
Norway	633	6.619	11.370	15.987	40.105	42.189	41.629
Poland	..	..	..	1.486	4.790	4.162	4.412
Portugal	..	256	1.885	3.587	7.900	6.584	7.236
Slovak Republic	..	..	..	1.817	5.390	4.881	5.478
Sloveia	..	..	..	3.208	9.989	8.288	8.465
Spain	..	817	3.387	4.942	11.573	9.448	9.892
Sweden	1.003	7.375	14.924	14.347	24.509	24.338	25.842
Switzerland	443	4.379	9.062	10.458	19.238	22.527	22.957
Turkey	41	278	548	1.003	2.495	2.907	3.167
United Kingdom	563	3.348	6.281	9.123	15.615	13.606	14.094
United States	860	3.216	6.211	10.264	12.196	12.385	13.476
OECD-Average		**3.402**	**6.611**	**7.258**	**14.559**	**14.205**	**14.923**

Source: Gelir İdaresi Başkanlığı, OECD Üyesi Ülkelere İlişkin Çeşitli Vergi İstatistikleri, 2015

While OECD average of tax incomes per capita was $ 6,611 in 1980, it actualized as $ 7,258 in 2000 and $ 14,923 in 2013. In Turkey, tax incomes per capita actualized as$ 278 in 1980, $ 1003 in 2000, and $ 3,167 in 2013. In the period of 1965-2013, the countries, in which tax incomes per capita are the highest, are Luxemburg and Norway. The country, in which they are the lowest, is Turkey. Turkey is followed by Chili. From here, it can be reached the conclusion that in all countries among OECD countries, depending on that the income of a taxpayer is high, a taxpayer performs more his/her obligations to pay tax compared to the taxpayer. Certainly, the differences between the national incomes per capita of the countries are also important. As the income increases, tax also increases.

Although Turkey, in respect with the year 2013, is the 10^{th} large economy of OECD with current prices and with gross domestic product of TL 1 billion 561,510 million according to the parity of purchase power, with national income per capita of TL 20,531, it is in the position of the country, whose national income per capita is the lowest. In the same year, OECD average is $ 31,469. For the rate of total tax incomes to GNP, OECD average is 34.2% in 2013. This rate is 29.3% in Turkey. According to all of these data, in Turkey, although the tax rates are high, due to the fact that KMBG is low, its share in GDP is not high.

3.1.COMPARISON OF TURKEY AND OECD COUNTRIES IN TERMS OF TAX STRUCTURE

Many developing countries have changed their tax structures since 1980 by means of tax reforms. In general, the taxes levied from foreign trade is reduced and the taxes through domestic consumption are increased. The tax reforms that realize are mostly on the effectiveness of tax. The deterrent penalties and tax discounts applied in struggle with unrecorded economy are important instruments of tax reform [10].

Table 4: The Share of Direct and Indirect Taxes in Total Taxes

% Direct Taxes Indirect Taxes				
Year	**Turkey**	**OECD (average)**	**Turkey**	**OECD (average)**
1965	46,0	61,6	54,0	38,4
1975	58,7	67,2	41,3	32,8
1985	64,0	66,3	36,0	33,7
1995	62,4	66,2	37,6	33,8
2000	58,0	66,9	42,0	33,1
2007	52,3	68,0	47,7	32,0
2009	54,3	67,5	45,7	32,5
2010	51,6	66,9	48,4	33,1
2013	30,9	67,2	69,1	32,8

Source: Kalkınma Bakanlığı, 2014, p.7; OECD Veri Seti

In our country, the share of indirect taxes in total tax incomes actualized as 54 percent in 1965; 41.3 percent in 1975; 36 percent in 1985, 37.6 percent in 1995; 47.7 percent in 2007; 48.4 percent in 2010; and 69.1% in 2013. In this period, OECD average actualized at the level of 33.5%. According to this, in our country, the share of indirect taxes in total taxes ranges 15 point higher than OECD average in the recent years.

The main reason for that the share of indirect tax is high is that direct tax incomes are at insufficient level not that indirect tax rates are not high

In Turkey, when compared to OECD countries, it is seen that the rates of indirect taxes are not high except for alcohol drinks, oil products, cars, and mobile communication services. Moreover, VAT rate, applied as 18% in our country, is below OECD average, which was on average 19% in OECD. In addition, in the sectors such as education, health, tourism, and textile, VAT rate is 8% and in some food products 1%.

After the average of Turkey and OECD countries is compared in terms of the indirect and direct taxes, we can examine in which conditions the countries are in terms of sorts of tax.

3.2.TAXES RECEIVED OVER PERSONAL INCOME AND CORPORATION

For developing countries, industrialization is a main policy. Therefore, in the developing countries, taxes are mostly levied through sales as indirect taxes. The taxes through people are less popular. According to Mintz, the reasons for preferring indirect taxes are that collecting them is easy; and that they create a good saving resource since they are collected from consumption, and they can reduce inflation. Thus, it is appropriate for the developing countries to provide economic development[11].

Together with the increase of production in the countries, it is observed that the profit of companies and incomes of company workers rapidly increase. As a result of this, the increases in taxes collected by the government, especially income tax, were observed.

Table 5: The Share of Taxes Received Over Income and Profit in Tax Incomes

	1965	**1980**	**1990**	**2000**	**2008**	**2012**	**2013**
Australia	50,7	56,1	57,1	58,0	59,1	58,1	57,1
Austria	25,5	26,7	25,5	28,5	30,8	28,8	29,0
Belgium	27,6	41,1	36,9	38,7	36,1	34,7	35,6
Canada	38,6	46,6	48,6	50,1	49,1	47,4	47,5
Chile	..	..	23,2	23,3	37,5	39,0	34,8
Czech Republic	..	..	..	22,8	22,7	20,5	20,8
Denmark	46,6	55,5	61,2	61,4	60,8	62,0	62,6
Esthonia	..	..	..	24,9	24,7	20,9	22,7
Finland	41,4	39,1	39,2	43,1	38,9	34,2	34,7
France	15,9	16,8	16,1	24,9	24,1	23,7	24,2
Germany	33,8	35,1	32,4	30,1	31,8	30,4	31,0
Greece	9,1	19,4	19,9	26,8	23,3	23,9	22,0
Hungary	..	..	..	24,3	26,0	18,1	17,7
Iceland	21,4	25,6	29,7	39,9	48,5	45,2	46,7

Ireland	25,7	36,5	38,0	43,6	39,6	40,7	40,4
Israel	..	..	..	39,8	33,3	30,8	31,7
Italy	17,8	31,2	36,5	33,2	34,3	32,6	33,1
Japan	43,9	46,1	50,2	34,8	33,6	31,1	32,5
Korea	..	25,5	32,8	28,8	31,0	29,9	29,3
Luxemburg	35,9	43,2	39,4	36,1	36,0	35,3	35,3
Mexico	..	29,8	27,1	27,3	24,8	26,3	30,2
Holland	35,8	32,9	32,3	25,3	27,2	25,3	24,7
New Zealand	60,5	69,8	59,6	60,0	60,3	55,4	55,5
Norway	43,4	41,8	35,2	45,0	50,4	48,3	46,2
Poland	..	..	..	20,3	23,3	20,4	19,5
Portugal	24,6	19,7	25,7	29,6	28,5	27,8	32,4
Slovak Republic	..	..	..	20,5	22,1	19,5	19,9
Sloveia	..	..	..	18,5	22,6	18,8	17,5
Spain	24,5	26,0	30,6	28,4	30,7	30,0	29,4
Sweden	54,9	43,5	41,6	40,8	36,2	34,1	34,5
Switzerland	41,1	45,3	47,2	44,2	47,2	45,6	46,0
Turkey	29,6	51,8	33,5	29,5	23,9	21,8	20,2
United Kingdom	37,0	37,8	39,3	39,1	40,0	35,6	35,4
United States	48,1	49,8	45,1	50,1	45,2	46,9	47,2
OECD-Average	**34,7**	**38,2**	**37,2**	**35,1**	**35,4**	**33,6**	**33,7**

Source: Gelir İdaresi Başkanlığı, OECD Üyesi Ülkelere İlişkin Çeşitli Vergi İstatistikleri, 2015

The data taking place in the table show that the share of the taxes levied through incomes and profit in total tax incomes was average 33% in OECD countries in the recent years and around 21% specific to Turkey. While average of OECD countries ranged in non-fluctuated way in the years, in Turkey, high fluctuations attract attention. Especially in 1980, this value reached the highest value with 51.8%, however later, followed a decreasing course and regressed to 29.5% in 2000 and to 21.2% in 2013.

We can say from Turkey point that the share of taxes levied from income in total tax incomes is not stable. The reason for this is amendments often made on tax laws.

Associated with corporation tax, in the recent years, in either Turkey or the other OECD countries (Australia, Germany, Island, Portugal, etc.), via constricting tax incentives or abolishing, enlarging tax base and, in return to this, reducing tax rates has become a current issue. In Turkey, with the no. 5220 law, corporate tax has been lowered to 20% from 20% [12].

Table 6:The Share of Taxes Received Over Corporate Incomes in Total Taxes

	1965	**1980**	**1990**	**2000**	**2008**	**2012**	**2013**
Australia	16,3	12,2	14,1	20,2	21,6	18,9	18,0
Austria	5,4	3,5	3,6	4,6	5,8	4,8	5,1
Belgium	6,2	4,7	4,8	7,2	7,6	6,8	6,9
Canada	14,9	11,6	7,0	12,2	10,4	10,1	9,7
Chile	..	..	..	..	..	..	..
Czech Republic	..	..	..	9,9	12,1	9,9	10,1
Denmark	4,6	3,3	3,8	6,8	5,7	5,6	5,6
Esthonia	..	..	..	2,9	5,1	4,5	5,5
Finland	8,1	3,4	4,5	12,5	8,1	4,9	5,4
France	5,3	5,1	5,3	6,9	6,7	5,6	5,7
Germany	7,8	5,5	4,8	4,8	5,3	4,7	4,9
Greece	1,8	3,8	5,5	12,0	7,8	3,4	3,9
Hungary	..	..	..	5,7	6,6	3,3	3,6
Iceland	1,8	2,5	2,8	3,3	5,2	5,4	6,0
Ireland	9,1	4,5	4,9	11,7	9,5	8,2	8,4
Israel	..	..	..	9,6	10,1	9,2	11,4
Italy	6,9	7,8	10,0	6,9	8,6	6,7	7,2
Japan	22,2	21,8	22,4	13,8	13,7	12,5	13,2
Korea	..	11,0	12,8	14,1	15,9	14,9	14,0
Luxemburg	11,0	16,2	15,8	17,8	14,3	13,4	12,4
Mexico	..	..	..	..	..	..	..
Holland	8,1	6,6	7,5	10,1	8,1	5,1	5,2
New Zealand	20,7	7,8	6,5	12,4	13,1	14,1	14,1
Norway	3,8	13,3	9,0	20,9	29,0	24,9	21,7
Poland	..	..	..	7,2	7,8	6,5	5,5
Portugal	..	..	8,0	12,1	11,4	9,1	9,9
Slovak Republic	..	..	..	7,7	10,5	8,4	9,5
Sloveia	..	..	..	3,1	6,8	3,4	3,3
Spain	9,2	5,1	8,8	8,9	8,4	6,4	6,2
Sweden	6,1	2,5	3,1	7,5	6,4	6,0	6,2
Switzerland	7,7	6,4	7,1	8,8	11,1	10,4	10,5
Turkey	4,8	4,1	6,7	7,3	7,3	7,4	6,3

United Kingdom	4,4	8,4	9,9	9,7	10,0	8,1	7,7
United States	16,4	10,8	7,5	7,9	6,7	8,6	8,5
OECD-Average	**8,8**	**7,6**	**7,9**	**9,6**	**9,9**	**8,5**	**8,5**

Source: Gelir İdaresi Başkanlığı, OECD Üyesi Ülkelere İlişkin Çeşitli Vergi İstatistikleri, 2015

When the table is examined, while OECD average of the share of the taxes levied through corporation incomes in total taxes was 7.9% in 1990, it actualized as 9.6% in 2000 and as 8.5% in 2013. In 2013, while the country, in which the share of corporation tax in total tax incomes is the highest, is Norway with 13.6%, the country, in which it is the lowest, is Hungary with 3.6%. Although the rate of corporation tax in Turkey is higher compared to many countries in OECD, its share in total tax incomes is lower and ranges in fluctuated way. The reason for its lowness is unrecorded economy. Especially in our country, the fact that the rate of small and medium sized enterprises is high and that it is difficult to monitor and tax the activities of these enterprises are of the most important causes of that the share of corporate tax in total income is low [13].

3.3.TAXES RECEIVED OVER GOODS AND SERVICES

In Turkey, the taxes levied through goods and services include value added tax levied in home, special consumption taxes, value added tax levied in import, tariffs, other foreign trade incomes, and special communication tax[14].

In our country, the taxes levied through the goods and services constitute the most important part of the total tax incomes. Among these taxes, VAT and SCT form an important weight. That the importance of value added tax increases, in fact, leads the share of the taxes such as special consumption tax and tariffs to decrease [15]. In Turkey, the share of taxes levied through goods and services in GDP is more than the share of the taxes levied through wealth and income in GDP.

Table 7:The Share of Taxes Received Over Goods and Services in Total Taxes

	1965	**1980**	**1990**	**2000**	**2008**	**2012**	**2013**
Australia	34,7	31,1	27,8	28,7	27,6	28,1	28,4
Austria	37,4	31,5	31,5	28,7	27,2	28,2	27,5
Belgium	37,2	27,0	26,1	25,1	24,5	25,1	24,2
Canada	40,5	32,6	25,8	24,2	23,3	24,3	24,2
Chile	..	..	62,9	63,8	50,6	50,1	54,0
Czech Republic	..	..	..	31,5	31,5	33,9	34,3
Denmark	41,9	38,1	33,9	33,1	33,9	32,9	32,3
Esthonia	..	..	..	38,6	37,2	42,2	41,0
Finland	42,5	35,3	32,5	29,0	30,2	33,1	33,2
France	38,4	30,4	28,4	25,9	24,7	24,6	24,1
Germany	33,0	27,1	26,7	28,1	28,9	28,5	28,0
Greece	48,8	41,2	44,5	36,3	36,2	37,3	39,1
Hungary	..	..	..	40,5	37,2	44,1	44,0
Iceland	62,7	59,9	51,3	44,1	37,0	35,1	33,5
Ireland	52,6	43,7	41,9	38,2	37,4	34,3	33,6
Israel	..	..	..	33,3	37,3	39,2	39,0
Italy	39,5	26,5	28,0	27,9	24,9	26,5	26,1
Japan	26,2	16,3	13,7	19,3	17,9	18,0	17,6
Korea	..	62,7	44,3	38,4	31,6	31,2	30,7
Luxemburg	24,7	21,8	25,1	27,1	28,0	28,3	28,4
Mexico	..	51,2	55,3	53,0	59,2	54,5	49,8
Holland	28,6	25,3	26,4	29,2	30,3	29,7	29,6
New Zealand	27,9	22,3	33,6	34,7	33,7	38,3	38,4
Norway	41,1	35,3	35,5	31,8	26,0	26,3	27,4
Poland	..	..	..	35,2	38,1	36,4	35,9
Portugal	47,6	46,5	44,2	40,1	40,5	40,5	37,3
Slovak Republic	..	..	..	36,2	35,9	35,0	34,4
Sloveia	..	..	..	37,6	35,6	38,4	40,1
Spain	40,8	20,7	28,4	29,6	24,8	26,6	28,1
Sweden	31,2	24,0	25,0	24,8	27,7	28,9	28,6
Switzerland	34,2	23,0	20,7	22,3	22,3	22,9	22,2
Turkey	54,0	25,6	27,9	42,0	45,5	45,0	46,1
United Kingdom	33,1	29,2	31,0	31,9	28,9	32,9	32,9
United States	22,8	17,6	17,6	16,2	17,4	18,3	17,4
OECD-Average	**38,4**	**32,5**	**33,0**	**33,1**	**32,1**	**32,9**	**32,7**

Source: Gelir İdaresi Başkanlığı, OECD Üyesi Ülkelere İlişkin Çeşitli Vergi İstatistikleri, 2015

In 2013, in the taxes levied through goods and services, the countries having the highest share are Chili with 54%, Mexico with 49%, and Turkey with 46.1%. The countries having the lowest share are US and Japan with 17%. As will be also seen from the table, the countries, in which the rates of taxes levied through goods and services the highest are generally developing countries. In the period of 1965-2013, OECD average is around 30%. The countries, which has the most fluctuated range in terms of the share of taxes levied through goods and services in terms of total incomes are Korea and Island. Also in both countries, the share of the tax, which was around 62% in 1965, fell to 33% in 2013.

VAT incomes are divided into two groups as VAT levied in home and levied in import. While the share of VAT levied in home in total taxes was 11% in 2007, this rate actualized as 11.8% in 2011. While the share of VAT levied in import in total incomes was 17.3% in 2007, it regressed to 15.2% in 2009 and reached the level of 19.2% in 2011.

In taxes levied from goods and service, another important income item is SCT. While the share of SCT in total taxes was 27.4% in 2003, the rate of interest actualized as 25.6% in 2007 and 25.3% in 2011. The share of SCT levied through oil fuel products, which has the largest share in SCT incomes, in total, declining by about 24 points since 2002, regressed to the levels of 50%. In spite of this, in SCT incomes levied through tobacco products and motor vehicles, important increases occurred. In this period, the share of tobacco products in total SCT incomes rose from 13.9% to 27.8% and share of motor vehicles from 5% to 11.7%.

The share of stamp tax in total incomes varies in the range of 2.3% and 2.5%. While the share of duties in total taxes was 3.1% in 2007, this rate rose to 3.3 % in 2011. About half of duty collection consists of title deed fees. While the share of title deed fees in total duties was 42.2% in 2007, it rose to the level of 48.7% in 2011 together with the increases in sales of real estates. The other important items in duties are judgment fees, passport and consulate fees, and the other fees.

In the scope of taxes levied through goods and services, in addition to the taxes above mentioned. Special Communication Tax, Lottery Tax, Banking and Insurance Transactions Tax, and tariffs are collected.

3.4.TAXES THROUGH WEALTH

Although wealth taxes are argued in terms of providing social justice, especially in the countries, whose economic developedness level is low, in view of the reasons for political structure and difficulty in calculating wealth, they cannot be used effectively enough. Wealth taxes serve social aims rather than fiscal aims [16]. The taxes levied through wealth consist of inheritance and gift taxes and Motor Vehicle taxes in terms of central government.

Table 8:Share of Taxes Through Wealth in Total Taxes

	1965	1980	1990	2000	2008	2012	2013
Australia	11,5	7,8	9,0	8,8	8,2	8,7	9,4
Austria	4,0	2,9	2,7	1,3	1,3	1,3	1,7
Belgium	3,7	3,1	3,8	4,7	7,0	7,4	7,8
Canada	14,3	9,1	10,0	9,5	10,8	10,6	10,4
Chile	..	..	6,2	7,0	5,4	4,3	4,1
Czech Republic	..	..	..	1,4	1,1	1,5	1,4
Denmark	8,1	5,9	4,3	3,3	4,2	3,9	3,9
Esthonia	..	..	..	1,3	0,9	1,0	1,0
Finland	4,0	1,9	2,4	2,4	2,6	2,8	2,9
France	4,3	4,8	6,3	6,9	7,6	8,5	8,4
Germany	5,8	3,3	3,4	2,3	2,3	2,4	2,5
Greece	9,7	4,6	4,6	6,1	5,5	7,2	7,6
Hungary	..	..	..	1,7	2,2	3,2	3,4
Iceland	4,0	6,3	8,4	7,9	6,1	7,1	6,9
Ireland	15,1	5,3	4,6	5,7	6,2	6,4	7,1
Israel	..	..	..	8,5	9,1	9,0	8,8
Italy	7,2	3,7	2,3	4,6	4,3	6,2	6,2
Japan	8,1	8,2	9,4	10,5	9,4	9,1	8,8
Korea	..	8,0	11,8	12,4	11,9	10,6	10,3
Luxemburg	6,2	5,7	8,3	10,6	7,4	7,1	7,3
Mexico	..	1,9	1,5	1,4	1,4	1,5	1,5
Holland	4,4	3,6	3,7	5,3	4,2	3,0	3,4
New Zealand	11,5	7,9	6,8	5,3	5,9	6,3	6,1
Norway	3,1	1,7	2,9	2,3	2,8	2,9	3,0
Poland	..	..	..	4,3	4,2	4,2	4,4
Portugal	5,0	1,4	2,7	3,7	3,7	3,3	3,3
Slovak Republic	..	..	..	1,8	1,3	1,5	1,5
Sloveia	..	..	..	1,7	1,5	1,7	1,7
Spain	6,4	4,6	5,5	6,3	7,0	6,3	6,7
Sweden	1,8	0,9	3,5	3,4	2,3	2,4	2,5
Switzerland	9,9	8,3	8,4	9,0	7,4	6,6	6,7

Turkey	10,5	5,4	2,3	3,2	3,6	4,2	4,6
United Kingdom	14,5	12,0	8,2	11,6	11,6	11,8	12,3
United States	15,9	10,7	11,6	10,2	12,3	12,1	11,3
OECD-Average	**7,9**	**5,3**	**5,7**	**5,5**	**5,4**	**5,5**	**5,6**

Source: Gelir İdaresi Başkanlığı, OECD Üyesi Ülkelere İlişkin Çeşitli Vergi İstatistikleri, 2015

Between the years of 1965-2013, the countries, in which the share of taxes levied through wealth in total tax incomes are the highest and the most stable, are USA, United Kingdom, and Korea. In 2013, in the taxes levied through wealth, while United Kingdom had the largest share in OECD countries with 12.3%, the countries having the lowest share are Estonia with the rate of 1% and Czech Republic with the rate of 1.4%. If we regard from the point of Turkey, while the share of taxes levied through wealth in total taxes was 4th rank in OECD countries with 10.5% in 1965, in the following years, this rate gradually decreased. The tax rate, which regressed to 5.4% and 3.2% in 2000, actualized as 4.6% in 2013. While OECD average of the rate of taxes levied through wealth to total taxes is 7.9% in 1965; 5.3% in 1980, 5.5% in 2000, and 5.6 % in 2013. Shortly, beginning from 1980s, OECD average actualized around 5%.

4. CONCLUSION

One of the main factors affecting tax burden, which is the rate of total tax amount to GDP, is tax rate. That tax rates are high can prompt the citizen to avoid tax or evade tax. What is important here is the distribution of tax rate rather than highness of tax rate. In Turkey, tax burden is mostly charged on middle income citizens. In spite of this, in OECD countries, in which tax system develops, taxes both are spread over a large base and tax burden is higher.

In OECD countries, high tax burden becomes possible with the fairer application of tax policies in these countries and spreading taxes over a large base. In Turkey, that tax burden is not high, together with NIPC (national income per capita), result from a tax system not spread over the base and not healthily function.

Besides the magnitude of tax incomes of a country, from which taxes this income is obtained also has a relatively importance. In the developed countries, incomes obtained from direct taxes are relatively more than the incomes obtained from indirect taxes. In Turkey, a large part of tax incomes consist of the taxes levied through goods and services, and consumption. While Turkey does not take place at the top ranks in the wealth, income, and corporate taxes among OECD countries, in terms of the taxes levied from the consumption, and goods and services, takes place at the top ranks. In other words, in Turkey, indirect taxes are higher compared to direct taxes.

Distribution of direct and indirect taxes are in the quality of indicator in terms of providing especially tax justice . Direct taxes are accepted are the taxes associated with the purchase power of taxpayers and are evaluated as an important instrument in providing tax justice. It is accepted that indirect taxes ignore the purchase power of taxpayers and, therefore, injured tax justice. However, in the applications of indirect tax, it is necessary to emphasize that several mechanisms supporting tax justice can also be used.

Besides the lowness of tax incomes of the less developed and developing countries, also in their tax structures, indirect taxes are predominant. Therefore, tax justice cannot be mentioned in those countries.

Although indirect taxes has an important advantage like easiness in collecting, as we have reported above, they have an unjust structure. Since direct incomes are levied more from that earning more, they provide tax justice, while indirect taxes disturb tax justice since indirect taxes are levied relatively more from that earning less. In an economy, in which indirect taxes are predominant, providing diversity in income distribution also becomes difficult.

Therefore, it is necessary to make arrangement to change this structure as the first structural reform in terms of Turkey. While making this, instead of increasing the rate of indirect taxes, it is necessary to include the earnings that took out tax system, tax losses and evasions, i.e. in summary, earnings remained out tax records in the system. This will also a step to solve a strange relationship in the triangle of current deficit, import taxes, and budgetary deficit.

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