ESTONIAN TAX STRUCTURE

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Abstract

The paper analyses Estonian tax structure changes during the last decade and critically assesses the current situation.
The country's tax mix is rather unique among EU countries – it has one of the highest proportions of consumption taxes in total taxes and the lowest level of capital and profit taxes. Such an unbalanced tax structure creates risks for public finances, limits revenue collection and distorts the business environment.

Keywords: tax policy, tax types, macroeconomic development, Estonian taxation.

JEL Classification Codes: H11 - Structure, Scope, and Performance of Government; H2 - Taxation; H24 – Personal Income and Other Nonbusiness Taxes and Subsidies H25 - Business Taxes and Subsidies

Introduction

Designing the taxation structure is an important part of government economic policy. The taxation structure depicts the proportions and how the tax burden is spread over different tax types and tax bases. On the one hand, such a structure is a technical characteristic of taxation composition. On the other hand, tax structure points up society's social and political preferences, which in turn, is closely related with country's development level.
A clear difference must be specified between the *individual characteristics* of particular taxes and the features of the country's *tax structure* as a whole. Numerous theoretical and empirical studies are available on the different taxes, where researchers consider the impact of taxes on growth, redistribution, equality and other various aspects. For example, economists emphasize that some taxes (*e.g.* consumption or property related taxes) have a less harmful effect on growth than income or profit taxes (Johansson 2008; Myles 2009).
Studies of the impact of the structure of taxation on economy and growth is a relatively new area. The first framework on taxation structure was provided by Atkinson and Stiglitz (1975). From more recent studies, the OECD papers exploring the impact of taxation structure on growth (Johansson and others, 2008) and revenue collection optimality (Martinez-Vazquez and others, 2011) should be mentioned.
In the recent economic crisis, the European Commission raised the issue of the quality of taxation systems (EU, 2011 a,b,c). The Commission found that excessive burdening of labour slows economic growth and job creation Therefore, it is

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proposing that the taxation burden shift from labour to other taxes; for example, on consumption and property (EU, 2011, c).

The author follows the understanding that taxation structure is rather a country specific phenomenon. There is no such golden rule for tax structure, which fits every context. In the words of Johansson, "despite taxes affect (negatively) growth…practical tax reform requires a balance between the aims of efficiency, equity, simplicity and revenue raising" (Johansson and others, 2008).

Considering that, the current paper analyses trends in Estonian taxation structure within the context of the business cycle. Estonian taxation and economic developments are also compared with the average figures for EU Member States (EU27) and the ten new EU member states from Eastern and Central Europe (*hereafter* EU10NM)[1].

Estonian tax policy framework

During the last decade, two major exogenous factors have shaped the Estonian tax system. One of them is related accession to the European Union. Another major factor is related to the severe global recession in 2008–2010, which forced the country to rethink and reassess the qualities of its taxation system.

The Estonian tax system is directly dependent on the EU tax regulatory framework and harmonization requirements. The most direct regulation concerns consumption taxes (EU 2006). Nevertheless, member states still design their income and social security contributions independently.

At the beginning of the new century, the Estonian tax system was generally established in the same way as it is functioning today. A certain "tax culture" became a common routine for society.

During the previous decade new legal frameworks were adopted and tax administrative institutions created. Estonia, as a post-communist country, had to build its taxation system from zero – with no institutions, experience or tax regulations. Therefore, one of the "natural" requirements for the new taxation system was its simplicity. The tax system had to be manageable and understandable, both for administration and taxpayers. Estonia opted for a simple income tax system and low tax rates principles. The most characteristic feature of the Estonian tax system was establishing a flat rate of personal income tax. In 1994, a flat tax system was introduced, which was unique in Europe at the time. This system has been effective so far, despite some minor modifications.

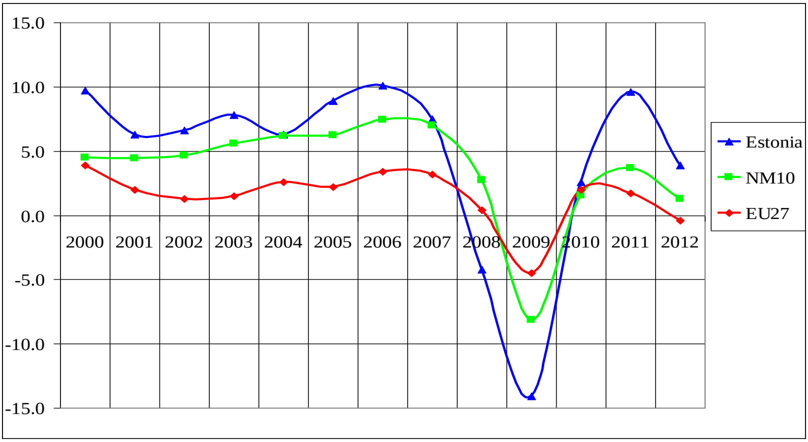
To activate economic development and attract foreign investment, the corporate income tax system was also modified. In 2000, a unique profit tax system became effective, which postponed profit tax payments until dividends were paid out by the company. The system has been modified since then and has lost some of its initial characteristics; however, this unique profit taxation system still exists today.

[1] The list of EU10NM countries does not include Cyprus, Malta and Croatia, but includes Bulgaria and Romania.

As a member of the EU, Estonia was obliged to establish and harmonize indirect taxes. Accordingly, various excise duties and synchronized VAT rates were introduced to meet EU requirements. As a result, the tax burden on consumption increased, as did their proportion in total taxes.
In step with the increased burden of indirect tax, the government started to cut personal and corporate income tax rates from 2004. The rates were reduced from 26% down to 21% in 2013.
During the period Estonia maintained relatively high levels of social security contributions for employers, which also makes the burden of labour taxation relatively high.

Macroeconomic development and income

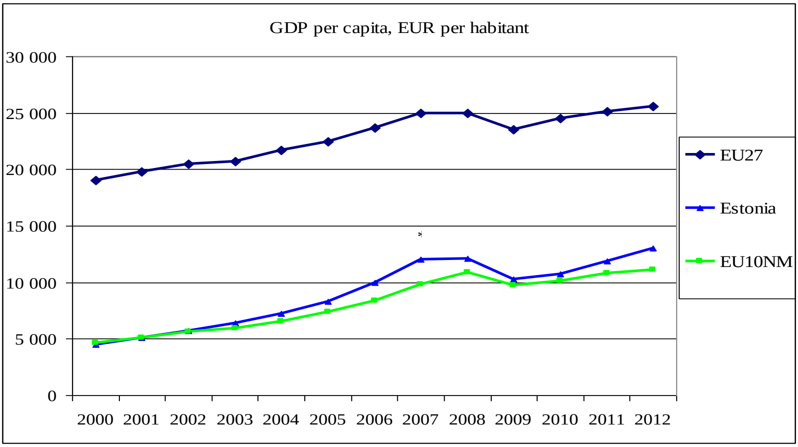
During the last decade, Estonian GDP dynamics has been rather volatile (Graph 1). Throughout most of the period, during both boom and recession, the growth rate significantly exceeded average growth figures for both EU27 and EU10NM countries.



Graph 1. GDP growth dynamics, %
Source: http://epp.eurostat.ec.europa.eu/portal/page/portal/national_accounts/data/ database; Section GDP and main components - Current prices and authors' calculations

The economy grew very rapidly through 2000–2007. According to many estimates, the economy overheated and functioned above its potential (Purfield 2010). The main drivers of economic growth were loan-based domestic consumption and private investments. Fiscal policy was also rather *pro-cyclical* and fuelled unbalanced growth.

In reaction to the overheating of the economy in 2005–2008, logically, a downward correction was expected. The economy started to slow down in the second half of 2008. Unfortunately, such an endogenous adjustment to the economy happened just before the global recession. The outcome was that the Estonian economy lost about 15% of its real output in 2009. During the subsequent years, the economy picked up again and once again reached the high positive growth territory.
Despite the fact that during this period new EU countries have grown faster than old EU members, GDP per capita differences between the groups still remain manifold. Graph 2 demonstrates the GDP development pattern across various groups of countries. The GDP dynamics are rather similar across the groups; however, rapid economic growth in EU10NM states did not allow them to catch up with EU average levels. At the same time, Estonia improved its position slightly and increased its GDP relatively faster.



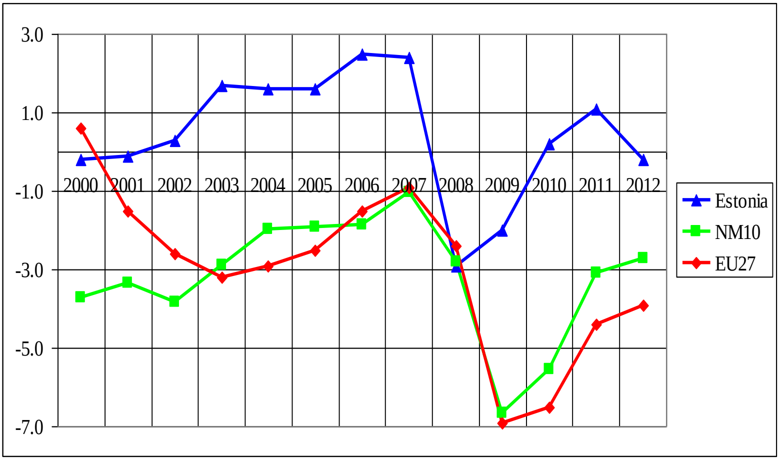
Graph 2. Gross domestic product per capita in market prices, EUR
Source: http://epp.eurostat.ec.europa.eu/portal/page/portal/national_accounts/data/ database; Section GDP and main components - Current prices and authors' *calculations*

Society's income level is an important factor, which has a clear impact on the tax mix. As will be demonstrated below, the taxation burden and tax structure is in close correlation with GDP *per capita*.

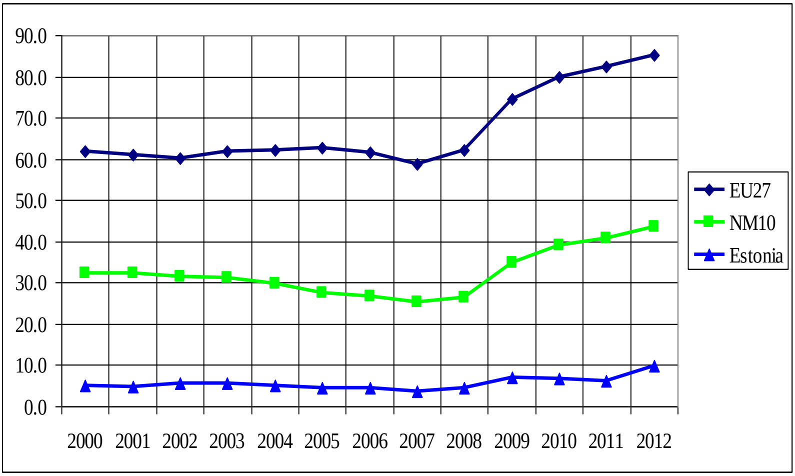
Graph 3 below presents the fiscal balance position for Estonia and other EU countries. During the period, the general government sector budget balance in Estonia mostly remained in surplus. Such a situation is rather different to the EU27 countries, where the budgets have continuously been in deficit from 2000 onwards.
The stance of Estonian fiscal policy has been rather strictly focused on a balanced-budget policy. A budget surplus "ideology" has been declared in an outspoken

manner by all Estonian governments this century. In the context of rapid growth and tailwind public revenues, the public sector was in surplus every year.
The sharp economic decline in 2008–2009 cut public sector revenues significantly. The decline in incomes and consumption, accordingly, held back tax revenues. During the recession, the State budget was balanced through *one-off* non-tax revenues; consumption taxes were increased and severe austerity measures implemented. Such a policy was rather *pro-cyclical* and deepened the recession even more.

On the other hand, Estonia receives quite significant donations from EU structural funds, which helps it undertake public investments and soften the situation after the decline in tax revenues. However, Estonian public sector fiscal dependency on EU funds and non-tax revenues (*e.g.* asset sales) has significantly increased.



Graph 3. Government Deficit, % GDP
Source: Eurostat Statistics/Government Statistics/Section Government Deficit and debt/ Government deficit/surplus, debt and associated data and author's calculations



Graph 4. Government debt, % GDP
Source: *Eurostat* Statistics/Government Statistics/Section Government Deficit and debt/ Government deficit/surplus, debt and associated data and author's calculations

In accordance with the low public sector deficit, Estonian public debt remains very low in the EU context (Graph 4).

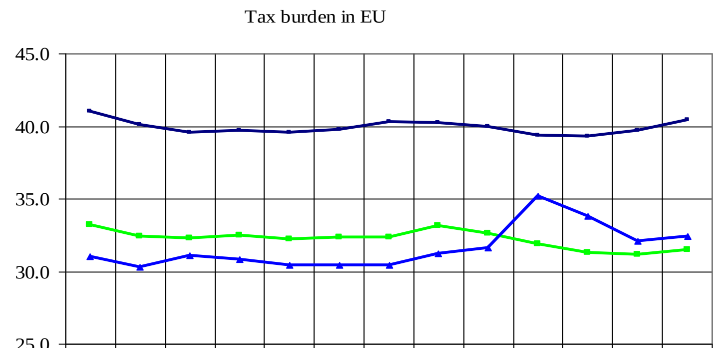
Across the period, the public debt in GDP comparison remained exceptionally low – less than 10%. At the same time, public debt levels exceeded 80% in EU27 countries. Estonia has followed a rather different fiscal policy path and did not rely on debt financing for public investments or managing the budget cycle. Even during the severest stages of the economic crisis, when public debt in most EU countries skyrocketed, Estonia's remained about the same level. The country has actively avoided increasing public debt levels. At various economic phases, this non-debt policy has been controversial in the context of efficient finance methods (e.g. investments or business cycle management). One could say that low public debt became a value in itself for Estonia; loan funds are not considered efficient conduct for public finances and investments.

General tax developments and structure

The tax burden depends on different factors, including tax rates, the economy's cyclical changes, tax administration efficiency and tax rates. During a crisis, tax collection flows usually shrink; income and profit tax revenues are particularly sensitive to economic slowdown.

How does the Estonian tax burden look in the EU context? The total tax burden in EU27 countries (including social security contributions – SSC) fluctuated around

40% compared with GDP levels. During the period of this study, the general burden of taxes in Europe remained around the same level (Graph 5).
There exists a significant tax burden difference between the old and the new EU Member States. In the EU10NM countries, the tax burden is 7–8 percentage points lower in comparison with EU27 countries; the difference has widened during the last decade. Surprisingly, EU enlargement in 2004 did not increase the average tax burden in the EU10NM states. One might think that harmonizing tax rates would lead to an increase in the general tax burden in those countries. However, the decrease of other taxes and rapid economic growth counterbalanced the growth of indirect taxes.



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EU27	41.0	40.1	39.6	39.7	39.6	39.8	40.3	40.2	40.0	39.4	39.3	39.7	40.4
EU10NM	33.2	32.4	32.3	32.5	32.2	32.3	32.4	33.1	32.6	31.9	31.3	31.2	31.5
Estonia	31.0	30.3	31.1	30.8	30.4	30.4	30.4	31.2	31.6	35.2	33.8	32.1	32.4

Graph 5. Taxes and SSC as a percentage of GDP
Source: *Eurostat* Statistics/Section Government Statistics/Annual Government Finance Statistics/ Main national accounts tax aggregates and author's calculations.

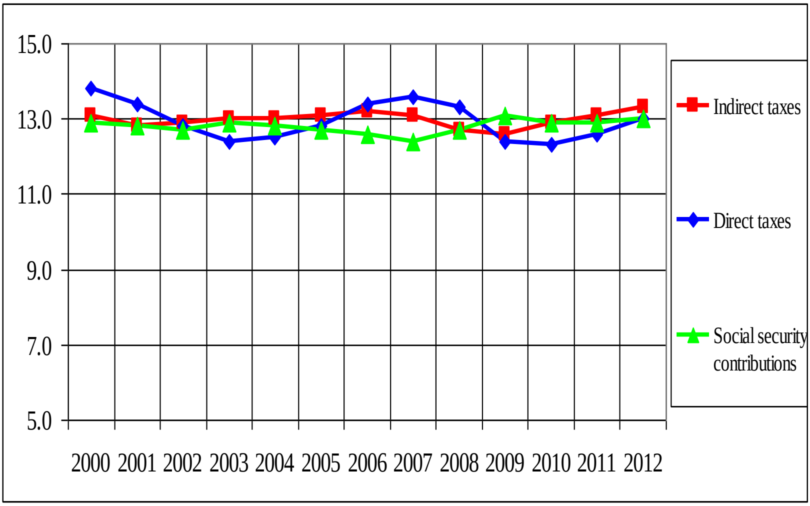
There are several reasons why the taxation burden in Eastern and Central European countries (NM10) is lower than in the old member countries.
First, a low tax burden has been a political choice in those countries. The EU10NM countries policies tend to be focused on low taxation to attract (foreign) investment and maintain social stability. The countries are also administratively and institutionally less capable of collecting taxes than old EU member countries; therefore, keeping tax rates low makes tax collection more manageable.
Second, income levels in those societies is also lower, which further limits the tax collection capacity. The combination of the low income levels and high consumption taxes does not permit an overburdening of society with income based taxes.
Third, the countries receive a significant amount of funds from the EU. Considerable transfers from the EU budget to the EU10NM countries allow them to partly

compensate for revenues not collected from the domestic tax sources.
During the period, the Estonian tax burden was 1.4 percentage points higher than at the beginning of the period. Until the global recession hit, the Estonian tax burden remained among the lowest in the EU and fluctuated around 31% in GDP comparisons. The tax burden increased sharply during the years 2008 and 2009 – a period of severe economic recession. Estonia increased VAT rates and excise duties, which overall caused sharp tax burden hikes. In the context of sharp economic decline, increases in consumption taxes resulted an increase in the general tax burden.
In the post-crisis period starting from 2010, the Estonian tax burden has declined. However, the country's tax level remains at a higher level than in other EU10NM countries.

Tax types

Structured according to type (ESA95), taxes are classified as taxes on production and imports (also indirect taxes), taxes on personal income, profits and capital taxes (also as direct taxes) and compulsory social security contributions (SSC). Indirect taxes include value-added taxes (VAT), excise duties (*e.g*. on alcohol and tobacco) and other consumption-related taxes. Social security contributions include compulsory and voluntary payments to social security funds made both by employers and employees.
The following considers the European Union tax structures in two respects – tax amount collected compared to GDP and compared to total taxes. Graph 6 presents the EU tax structure as compared to GDP level[1].

[1] To illustrate the different patterns, the graphs use the same scale as Graph 7

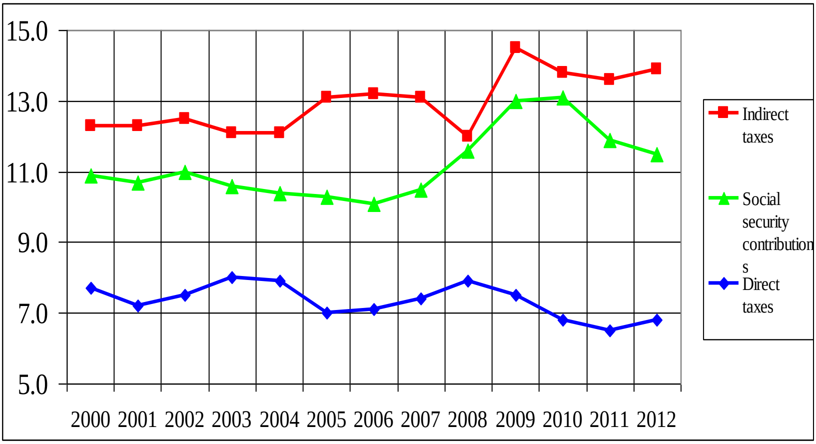


Graph 6. EU27 tax structure, % GDP
Source: *Eurostat* Statistics/Section Government Statistics/Annual Government Finance Statistics/ Main national accounts tax aggregates and author's calculations

In general, all major types of taxes in the EU compared with GDP are approximately equal – they fluctuate around 13% of GDP. During the last decade, indirect taxes and social security contributions have remained almost level. At the same time, the direct tax burden has fluctuated across a much wider scale and declined by 1.1 percentage points of GDP at the end of the period.

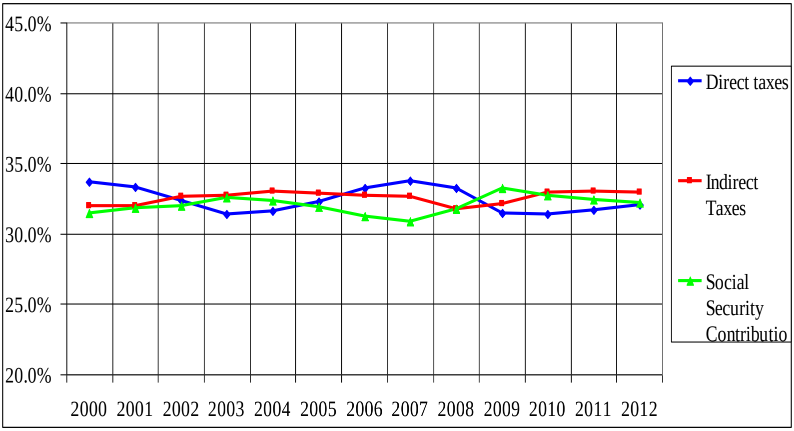
A certain cyclical impact on tax burden can be recognized across Europe. In the boom years income and profit tax collection increases (period 2002–2007), while recession cuts into those taxes. Direct taxes start to increase again in the post-crisis period due to increased revenues and the necessity to decrease accumulated debts.

Compared with the EU, the Estonian tax structure is rather different (Graph 7). The country's tax burden across different taxes is rather diverse. The taxes have not remained at a similar level with respect to GDP as generally in the EU. The clear difference is a significantly lower direct taxation burden compared with the average level in the EU. In Estonia, indirect taxes covered about 14% at the end of the period, SSC 12% and direct taxes only 7%, compared to GDP. During the period, direct taxes have decreased and were replaced partly by indirect taxes. Here we can see a rather clear change in the taxation structure and a tax burden shift from direct taxes to consumption.



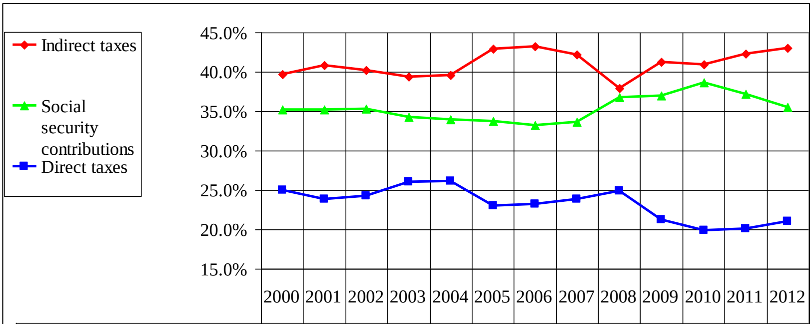
Graph 7. Estonian tax structure, % GDP
Source: *Eurostat* Statistics/Section Government Statistics/Annual Government Finance Statistics/ Main national accounts tax aggregates and author's calculations

Graph 8 demonstrates various proportions of taxes in total taxes across EU countries. According to Graph 6, different tax types cover about one third of all taxes in the EU27 countries. At the beginning of the period, the largest part of all taxes was covered by direct taxes; at the end of period the highest proportion is covered by indirect taxes. SSC have also increased their share in total taxation. However, there is no clear and visible long-term trend in the changes to the structure of taxation in EU countries. The tax proportions have fluctuated during the period, but no clear and overwhelming trend is visible.



Graph 8. Taxes and SSC as percentage of total taxes (EU27+2)
Source: *Eurostat* Statistics/Section Government Statistics/Annual Government Finance Statistics/ Main national accounts tax aggregates and author's calculations

In Estonia, changes to the tax structure have been clearer (Graph 9). The most observable change during the period is a decrease in the direct tax burden – by 4 percentage points during the period in total taxes. The decline in direct taxation was compensated for by a proportional increase in indirect taxes. Indirect taxes now cover 43% of all taxes, which exceeds 10 percentage points in the same figure in the EU27 countries. Such a situation is a result of Estonian government policies that have favoured a decrease in income taxes and an increase of consumption taxation during the period. Such an unbalanced structure of taxes and high dominance of indirect (consumption) taxes creates potential risks for the Estonian tax system and society in general. The potential risks will be discussed below.



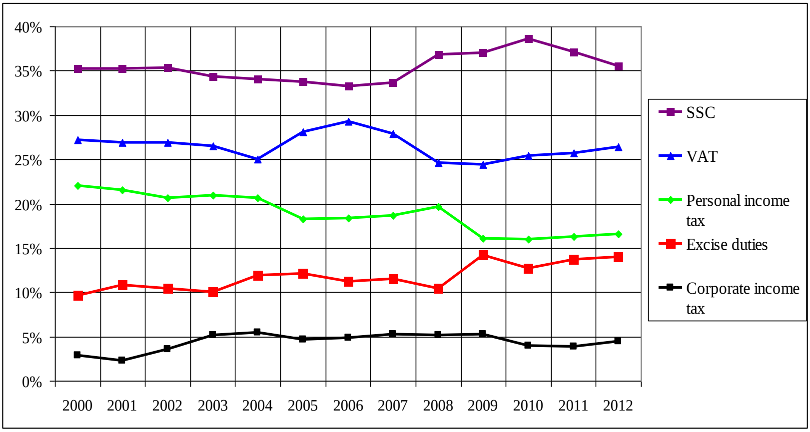
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Indirect taxes	39.7	40.8	40.2	39.3	39.6	43.0	43.3	42.2	37.9	41.3	40.9	42.3	43.0
Social security contributions	35.2	35.3	35.3	34.3	34.0	33.7	33.2	33.6	36.8	37.0	38.6	37.1	35.5
Direct taxes	25.0	23.8	24.3	26.1	26.1	23.0	23.2	23.9	24.9	21.3	19.9	20.1	21.0

Figure 9. Estonian taxes and SSC as a percentage of total taxes (EU27+2)
Source: *Eurostat* Statistics/Section Government Statistics/Annual Government Finance Statistics/ Main national accounts tax aggregates and author's calculations

More specifically, structural changes in Estonian taxes are demonstrated in Graph 10. In general, all the taxes presented have sustained their relative position in total taxes. The highest proportion in all taxes is found among social security contributions, followed by VAT and PIT (Personal Income Tax). Corporate income tax (CIT) remained at the lowest percentage of all taxes.

Despite fluctuations during the period, corporate income tax, VAT and SSC have maintained about the same share. The most significant changes have happened with personal income taxes and excise duties. PIT has decreased about 5 percentage points in total taxation, which has been compensated by an increase in excise duties. The relative decline of the share of PIT directly correlates with the income tax rate decline. At the same time, the loan-based consumption boom pushed up VAT and excise duty revenues for 2004–2007. In 2009, VAT rates were increased from18% to 20%. Nevertheless, various excise duty increases (*e.g.* on alcohol and tobacco, electricity and other goods and services) are those components that strengthened the position of indirect taxation in total taxes.

Social security contributions enjoyed a relatively stable position through 2000–2007, then increased during the crisis period and returned to their initial position by the end of the period.



Graph 10. Estonian taxes in total taxes, % of total taxes
Source: *Eurostat* Statistics/Section Government Statistics/Annual Government Finance Statistics/ Main national accounts tax aggregates and author's calculations

Tax base

The following considers changes in the tax burden, structured according to the tax base. There are three main bases for taxation – consumption, labour and capital. Such a structure combines different types of taxes under a particular "umbrella", which makes it possible to demonstrate the allocation of the tax burden across different types of economic activities.

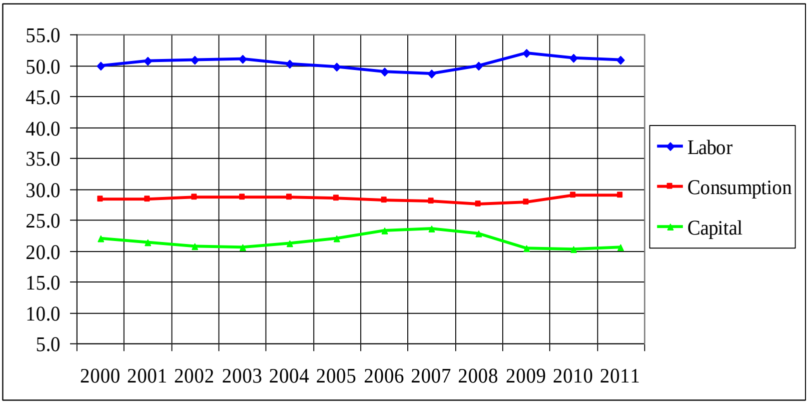
Taxes on labour contain all taxes that are directly linked to wages (*e.g.* income taxes), but also include compulsory social contributions and payroll taxes.

Taxes on consumption are defined as taxes levied on transactions between final consumers and producers and include mainly VAT and excise duties. In general, consumption taxes are rather similar to indirect taxes, but include fewer amounts of various indirect taxes.

Taxes on capital include taxes on company profits and assets. Capital taxes also include various property taxes.

Taxation structure according to tax base demonstrates a rather stable situation in the EU countries (Graph 11).

As the graph presents, labour taxes are the largest item of all taxes; they cover more than half of all taxes in EU countries.



Graph 11. EU 27 tax structure, % in total taxes

Source: *Eurostat* Statistics/Government Statistics/Annual Government Finance Statistics/Derived tax indicators http://epp.eurostat.ec.europa.eu/ and author's calculations

During the period, labour taxes in the EU27 have slightly decreased as a percentage of GDP, but labour taxation as a share of total taxation has increased. At the end of the period, labour taxes covered as much as 51% of total taxation. As labour taxes generate the largest part of the taxation burden, the European Commission is focusing seriously on a tax shift away from labour activities. High labour taxation levels undermine the global competitiveness of EU countries and harms job markets in Europe. However, there is no clear long-term trend, which confirms the EU countries willingness to shift the taxation burden from labour to consumption.

A closer look at taxation structures on the basis of the countries in groups demonstrate rather significant differences between taxation structures among EU member states (Table 1).

Table 1. Tax structure in the EU countries groups

	2000	*2002*	*2004*	*2006*	*2008*	*2011*
Taxes on labour – total						
EU17*	45.9	46.9	46.5	45.6	46.7	48.0
EU10NM	49.5	48.9	46.9	45.4	46.0	45.8
Estonia	55.8	54.5	53.2	49.5	54.8	52.1
Taxes on consumption						
EU17	30.9	31.4	31.8	31.3	30.5	31.0
EU10NM	37.2	36.8	38.4	39.3	37.9	40.5
Estonia	37.7	38.4	38.2	42.3	36.8	41.3
Taxes on capital						
EU17	23.4	21.9	21.7	23.3	22.9	21.2
EU10NM	13.5	14.5	14.9	15.4	16.2	13.8
Estonia	6.6	7.1	8.6	8.2	8.4	6.6

*EU17= EU15 old member states + Malta and Cyprus
Source: *Eurostat* Statistics/Government Statistics/Annual Government Finance Statistics/Derived tax indicators http://epp.eurostat.ec.europa.eu/ and author's calculations

The differences between the groups of countries are rather clear. The EU17 countries collect more than one fifth of all revenue from capital taxes. In the EU10NM countries, such revenue is significantly lower. However, the EU10NM states use considerably more consumption taxes. Although labour related taxes have about the same significance in total revenues, the greatest difference among the different countries comes from consumption and capital taxes. Consumption taxes are clearly higher and capital taxes are lower in the new EU countries compared to the old EU members.

This situation demonstrates a different approach in the allocation of the taxation burden across tax bases. Again, EU17 countries rely more on direct income taxation, while new EU members use consumption activities. That is a global characteristic of

tax structures – higher income societies rely more on direct taxation than lower income countries (Sandford, 2000). Furthermore, there is no visible trend in the unification of tax structure over different groups of countries. Despite income levels increasing in EU10NM countries, they did not shift the taxation burden towards income taxation. On the contrary, they have decreased income taxation even more and additionally burdened consumption instead. EU donations to CEE countries actually supported and made such a structural shift possible.
The Estonian tax structure in Table 1 can be characterized somehow as extreme – the country has the highest tax burden on labour, highest tax burden on consumption and lowest taxation burden on capital over all groups of countries. Despite its taxation structure being similar to EU10NM states, it exceeds the figures in all positions in that group.

Estonian taxation: critical assessment

The above presented the main statistical tax trends in the EU and Estonia. How should one interpret and assess Estonian structural trends in Estonia?
According to the authors, such an assessment of the general trends is rather critical. The Estonian tax system is losing its revenue generating capacity, it has become unbalanced in respect to various taxes, taxation principles are controversial in respect to market economy principles, income taxes do not perform their role as an automatic stabilizer, taxation in not used efficiently for the purposes of business cycle management and it losing its redistribution characteristics.
Considering the statistical analysis provided above, certain generalizations could be made.

First, the aging and demographically declining society requires a growing amount of public expenditure to satisfy society's well-being. In the recent decade, Estonia kept its budget balanced by keeping public sector salaries low, while investments in social and physical infrastructure were made from donations received from EU funds. The outflow of population and relative decline of EU funds confirm that previous budgeting "principals" are no longer valid. The need for various public investments and services are forcing up public expenditure needs.
In recent years the open deficit is avoided via intensive non-tax revenues (Appendix Table 1, Non-tax revenues). The two biggest sources have been European Union donations to structural funds and public asset sales. One of the largest revenue sources has also been CO_2 pollution quota sales. As a result, more than 25% of State budget revenues are covered with those *one-off* revenue sources. Unfortunately, the pollution quota reserves have been used and EU funds will diminish. Therefore, such external revenues will decline noticeably. In the coming years, those *one-off* revenues should be compensated for using tax revenues.
Therefore, it is doubtful, that Estonia can maintain such a low tax level. Considering that situation, the question arises: Which taxes should be increased? Estonia has to find new sources to compensate the decline in non-tax revenues. In the "model countries" for Estonia; for example, the Nordic countries, the tax burden

is considerably higher, which also correlates with the higher standard of living. Therefore, an increase in the total tax burden is a rather natural trend to expect.

Second, Estonian public revenues have been moved radically towards the use of consumption taxes. Partly, this is because of European Union requirements, which forced the harmonization of various consumption taxes, like VAT or alcohol taxation. Another reason is related to government policies, which have promoted and effectively implemented a decline in income and profit taxes. To compensate the public revenue deficit, various consumption taxes have been increased considerably. As a result, the Estonian tax system became unbalanced and biased towards consumption taxation. Such an unbalanced taxation structure creates several risks. The economy has become more dependent on the consumption cycle. High consumption taxes also force price increases and hit the weakest consumers. As a result, illegal trade with various consumer goods has increased – particularly with alcohol and tobacco. Estonia is an open economy with a rather mobile population, which is located in a neighbourhood of rather low-price non-EU countries. These factors make consumption tax revenues rather unpredictable and volatile.

Third, social security contributions are overwhelmingly an employers' burden. Estonia is in 1st place among EU countries according to the SSC burden on employers (Appendix Table 1, Employers' actual social contributions). High levels of SSC became one of the biggest obstacles for companies wanting to create new jobs and increase salaries. Unfortunately, political dogmatism has locked up the modernization of the Estonian tax system and opportunities to decrease the SSC burden. The ruling political coalitions have promoted low level income tax policies. A new corporate income tax system was adopted from 2000, which effectively lowered the CIT burden. The limited amount of income tax revenues forced the government to increase consumption taxation and keep social security contribution rather high.

Fourth, the Estonian income tax system, based on flat rates, has lost it main economic characteristics. It has lost its revenue generating abilities, it does not function as an automatic stabilizer to smooth business fluctuations and the PIT system does not serve redistribution purposes efficiently.
Fifth, the profit taxation system has become controversial in market economy principles and has destroyed the personal income and social security contribution base. As profit tax applies only on distributed profits, the income system is not neutral any more towards personal or corporate level incomes. A clear shift in incomes from the personal level to the business entity level has taken place. Currently, personal income tax applies only to wages and salaries; all other types of incomes are shifted to the business sector level. As SSC apply to the wage income, such a shift undermines the social tax base.

Another problem with profit taxation is related to transferring profits out of Estonia, not actually paying any profit tax. For example, international banks in Estonia have hardly paid any profit tax in the last decade (Appendix Table 1, Financial sector effective CIT). At the same time, it is possible to easily transfer bank profits out of Estonia in the form of investments or loans. Companies have full access to services and resources provided by the public sector, which allows them to generate profits. If companies are not sharing earned profits with society – such a situation hardly conforms to the market economy principle, which requires equivalency of market transactions.

To generalize, in the economic sense, the Estonian consumption tax base has probably reached its limit, and it is impossible to “squeeze” increasing revenues from it. On the other hand, it is politically impossible to shift the taxation burden onto personal and profit incomes because it is going to be controversial with the ruling coalition political promises. So it is a gridlock situation – to maintain the sustainability of the public sector, more tax revenues are expected; however, it is politically unacceptable to increase income and profit taxes. At the same time, consumption taxes are already overexploited. Therefore, the Estonian tax system has lost its efficiency; it is unbalanced over various types of taxes and not able to generate public revenues.

Conclusions

To cope with the accumulating problems, Estonia needs large-scale tax reform. There are three major purposes of that reform – increase the revenue collection capacity, decrease the social tax burden on employers and balance the tax burden efficiently across the tax base.

The tax reform should be comprehensive and consider simultaneously different taxes to avoid further deformation of economic behaviour.

The social security contributions should be diminished and partly shifted to income level taxes – both in the personal and corporate sector.

Personal income tax needs more progressivity to calibrate the taxation burden across income earners. Such an increased progressivity also provides PIT more efficiency as an automatic stabilizer.

The current corporate income tax system should be abolished and a compulsory CIT system should be resumed.

Appendix Table 1. Estonian fiscal indicators

	2000	2002	2004	2006	2008	2010	2012
Non-tax revenues in State budget	10.0%	12.0%	16.0%	18.6%	17.1%	27.8%	25.7%
Employers' actual social contributions % of all	98%	96%	96%	97%	97%	93%	92%
Financial sector effective CIT	0.0%	5.0%	2.5%	0.7%	0.0%	0.0%	3.8%

Source: Estonian Bank http://www.eestipank.ee/ ; Estonian Ministry of Finance http://www.fin.ee/

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EESTI MAKSUSTRUKTUUR

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Maksustruktuuri kujundamine on oluline osa iga riigi maksupoliitikast. Maksustruktuur peegeldab, kuidas maksukoormus on jagunenud erinevate maksude liikide ja maksubaasi alusel. Ühelt poolt on tegemist maksusüsteemi tehnilise ülesehituse, aga teiselt poolt näitab maksustruktuur ühiskonna sotsiaalseid ja poliitilisi valikuid. Maksustruktuuri käsitletakse antud tekstis kui konkreetsete maksude taset võrreldes SKP suuruse või erinevate maksude osakaaluga kogumaksudes.

Antud teema puhul tuleks eristada ühelt poolt individuaalsete maksude omadusi ja teiselt poolt, maksustruktuuri kui terviku majanduslikke aspekte. Erinevate maksude omadusi ning mõju majandusele on laialdaselt selgitatud nii teoreetiliselt kui ka analüüsitud emiiriliselt. Erinevate maksude puhul on peetud oluliseks nende fiskaalset võimekust, seost majanduskasvu, tulude ümberjaotamise ja regulatiivsete eesmärkidega. Näiteks rõhutavad majandusteadlased, et mõned maksud (näiteks tarbimise või varaga seotud maksud) on majanduskasvule vähem kahjulikku mõjuga kui tulu- või kasumimaksud.

Erinevalt individuaalsete maksude analüüsist on maksustruktuuri ja majanduskasvu seoste vaheline selgitamine suhteliselt uus teemavaldkond. Teema on aga oluliseks saanud Euroopa Liidu poliitikate valguses, mis on suunatud jätkusuutliku majanduskasvu saavutamisele. Üheks oluliseks majanduskasvu teguriks peetakse sealjuures ka maksusüsteemi „kvaliteeti“. Leitakse, et liigne tööjõu ja tulude maksustamine pärsib majanduskasvu ning seega tuleks paljudes riikides moderniseerida maksustruktuuri. Sellel eesmärgil suunatakse riike nihutama maksukoormust tööjõult muudele maksudele - tulu ja kasumi maksustamise asemel tuleks rohkem maksudega koormata tarbimist ja kinnisvara.

Käesolev artikkel analüüsib Eesti maksustruktuuri muutusi Euroopa Liidu poliitikate valguses perioodil 2000 kuni 2012. Sellest lähtudes jälgitakse Eesti maksumuutuste dünaamikat; võrreldakse maksutrende teiste Euroopa riikidega ning hinnatakse kriitiliselt toimunud arenguid. Maksumuudatusi analüüsitakse üldiste makromajanduslike protsesside raamistikus ning tuuakse välja seosed maksumuutuste ja majandtsükli vahel.

Makse struktureeritakse mitmeti. Maksude jaotus nende tüübi kohaselt (ESA95) on tegemist toodangumaksude (ehk kaudsete maksudega); tulumaksude (ehk otseste maksude) ja kohustuslike sotsiaalkindlustusmaksetega. Kaudsed maksud on käibemaks ja aktsiisid; otsesed maksud on indiviidi tulu- ja ettevõtte kasumimaks.

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Sotsiaalkindlustusmaksed sisaldavad kohustuslikke ja vabatahtlikke makseid sotsiaalkindlustusfondidesse, mida teevad nii tööandjad kui töötajad.

Maksustamise baasist lähtudes liigitatakse makse kui tööjõu-, tarbimis- ja kapitalimaksud.

Eesti maksustruktuur ja makromajanduslik areng

Eesti majanduskasv on viimasel kümnendil olnud äärmiselt volatiilne; kiire kasv on vaheldunud järsu ja sügava majanduslangusega. Riik on suutnud hoida madalat riigivõla taset ning suuremal osal aastatest on avalik sektor olnud ülejäägis. Riigivõla tase pole suurenenud isegi sügava majanduslanguse tingimustes. Samal ajal on Euroopa Liidu maade võlakoormus oluliselt suurenenud.

Eesti maksustruktuuri puhul saab välja tuua üsna iseloomuliku mustri. Maksude üldise taseme poolest jääb maksukoormus alla EL keskmist, liikudes perioodi vältel vahemikus 30-32% SKP võrdluses. Järsk hüpe maksukoormuse kasvus toimus 2009 aastal seoses väga sügava majanduslangusega, mil maksukoormus kasvas 35%-ni. Hiljem on maksukoormus jällegi alanenud. Eesti maksukoormust on perioodi vältel mõjutanud EL liitumisest tulenevad kaudsete maksude harmoneerimisnõuded ning teiselt pool, tulumaksumäärade alandamine perioodi teises pooles.

Eesti maksustruktuuri iseloomustab oluliselt suurem tarbimismaksude osakaal (43% kogumaksudest) võrreldes EL keskmise tasemega, kus vastav näitaja on 33% lähedal. Oluliselt madalam on Eestis aga tulumaksude osakaal (20% kogumaksudest), jäädes 12% punkti alla EL keskmist taset. Perioodi jooksul on oluliselt tõusnud aktsiiside osakaal maksutuludes, samal ajal füüsilise isiku tulumaks on veelgi kiiremini oma osatähtsust kaotanud.

Eestis on väga kõrge tööjõumaksude osatähtsus kogumaksudes (52% perioodi lõpus); samal ajal jääb kapitalimaksude tase (7% kogumaksudest) pea kolmekordselt alla EL-i vastavale näitajale. Ka tarbimismaksude osatähtsus kogumaksudes on Eestis 10% punkti suurem kui EL maades keskmiselt.

Kuidas hinnata Eesti olukorda ja maksutendentse? Alljärgneval on välja toodud kriitiline üldistus Eesti maksusüsteemi arengutest ja perspektiividest. See üldistus põhineb statistilisel analüüsil ja erinevate faktide tõlgendamisel.

Selle alusel väidetakse, et Eesti maksusüsteem ei ole võimeline tagama avaliku sektori tuluvajadusi; maksusüsteem on kaotanud tasakaalu erinevate maksutüüpide lõikes; maksusüsteem vastandub turumajanduse põhimõtetele; seda ei kasutata efektiivselt ei majandustsükli juhtimisel, automaatsel stabiliseerimisel ega ka tulude ümberjaotamisel.

Esiteks, äärmiselt kaheldav on seisukoht, et Eesti suudab säilitada senise madala maksukoormuse taseme. Vananev ja demograafiliselt vähenev ühiskond vajab üha suurenevas mahus avaliku sektori panustamist. Tänased maksulaekumised ei ole võimelised katma suurenevaid vajadusi ühiskonna toimimiseks ning rahastama investeeringuid sotsiaalsesse ning füüsilisse infrastruktuuri. Viimasel kümnendil on Eesti suutnud hoida eelarvelist tasakaalu madala avaliku sektori palgataseme ja piiratud riiklike investeeringute kaudu. Riiklikke investeeringud ja arendustegevus on toimunud peamiselt EL saadavate toetusvahendite arvel. Tööjõu ehk maksumaksjate väljavool, surve avaliku sektori töötajate palgataseme suurenemiseks ning EL vahendite vähenemine viitab sellele, et senised eelarve kujundamise põhimõtted enam ei toimi. Vajadus suurendada avaliku sektori kulutusi survestab ka maksukoormuse taset tõusu suunas. Kriisiperioodil on eelarve tasakaalu hoitud ka suuremahulise riigivara müügi kaudu (Telekom, saastekvoodid, muud varad). Selle tulemusel on riigieelarve tulubaas deformeerunud ning tekkinud sõltuvus ajutistest mittemaksulistest tuludest. Juba lähiaastatel tuleb aga sellised ajutised tuluvood asendada maksutuludega, mis suurendab kahtlematult ka üldist maksukoormust.

Teiseks, Eesti avalik sektori rahastamine sõltub väga suures osas tarbimismaksudest. Ühelt poolt on see tingitud EL nõuetest tarbimismaksude taseme ühtlustamiseks. Teine põhjus on seotud valitsuse poliitikaga, mis ongi suunatud tulu- ja kasumimaksude asendamisele tarbimismaksudega. Ülemäärane sõltuvus ühelaadsetest maksudest tekitab aga olulisi rahanduslikke riske. Eelarve sõltub suureneval määral tarbimistsüklist, mida suuresti mõjutavad välistegurid. Kõrge tarbimismaksude tase stimuleerib kaupade-teenuste hinnatõusu, mis mõjutab negatiivselt eelkõige madalamatululist elanikkonda. Eesti on avatud majandusega riik, üsna mobiilse elanikkonnaga ning hinnakasv toob kaasa suureneva tarbekaupade ostmine välisriikidest. Samuti, hinnakasv mõjutab negatiivselt Eesti jaoks olulist turismisektorit. Oluline aspekt on ka asjaolu, et Eesti paikneb väga madala hinnatasemega riikide läheduses. Sellest lähtudes suurenevad riskid salakaubanduse laienemiseks ja sellest tulenevate riskide suurenemiseks.

Kolmandaks, kõrge sotsiaalmaksude tase pidurdab tööhõivet ning palgataseme kasvu. Seega oleks majanduskasvu ja eelarvelise stabiilsuse seisukohast mõistlik tasakaalustada maksustruktuuri ning vähendada sotsiaalmaksu koormust ettevõtetele. Seda võimaldaks osaliselt nimetatud maksude koormuse ülekandmine füüsilise isiku tulumaksu ja ettevõtte kasumimaksu tasandile. Sellist arengut on aga pidurdanud poliitiline dogmatism, mis pole võimaldanud Eesti maksusüsteemi moderniseerimist. Valitsevad poliitilised koalitsioonid on lähtunud doktriinist, mis seab eesmärgiks tulumaksude alandamise või ärakaotamise ning nende asendamise tarbimismaksudega. Alates 2000 aastast toimib uus ettevõtte tulumaksu süsteem, mis sisuliselt kaotab kasumimaksu suuremale osale ettevõtlussektorile. Kokkuvõttes on tulumaksude laekumine on oluliselt vähenenud ning seda on kompenseeritud tarbimismaksude suurendamise ning sotsiaalmaksu kõrge tasemega. Eesti tööandjate sotsiaalmaksu suhteline tase on EL riikide seas kõige suurem. Kõrge sotsiaalmaksu tase on kahtlematult üks suurimaid takistusi ettevõtete jaoks, mis piirab töökohtade loomist ja palkade tõstmist.

Neljandaks, Eesti tulumaksusüsteem läheb vastuollu nii majandustsükli juhtimise kui turumajanduse printsiipidega üldiselt.
Proportsionaalse tulumääraga isiku tulumaksusüsteem on kaotanud maksusüsteemi võime toimida automaatse stabilisaatorina majandustsükli silumisel. Vähene tulumaksukoormuse progresseeruvus muudab tema mõju väga *pro-tsükliliseks,* mis läheb vastuollu majandustsükli juhtimise põhimõtetega. Isiku tulumaksusüsteem ei täida efektiivselt ka tulude ümberjaotamisfunktsiooni, mis peaks olema üheks tulumaksu peamiseks omaduseks.

Viiendaks, kuna kasumimaksu tuleb maksata ainult jaotatud kasumilt (dividendidelt), siis ei kohtle tulumaksusüsteem enam neutraalselt indiviidi ja äriühingu tulusid. Selle tagajärjel on toimunud oluline tulude nihe indiviidi tasandilt äriühingu tasandile. Tulude nihke tagajärjel on olulisel määral vähenenud Eesti individuaalse tulumaksu ja sotsiaalmaksu baas. Tulupuudujäägi korvamiseks on valitsus suurendanud tarbimise maksustamist ja suurendanud sotsiaalkindlustusmaksete koormus.

Kuuendaks, Eesti kasumimaksustamise süsteem on vastuolus turumajanduse põhimõtetega. Kasumimaksu puudumine tähendab sisuliselt olukorda, kus (välis)ettevõtted saavad täieliku juurdepääsu Eesti riigi poolt pakutavatele teenustele, aga ei maksa selle eest ekvivalentses suuruses tasu. Ettevõtted teenivad kasumit selliseid ressursse kasutades, mille eest nad ei maksa. Näiteks on välisomanikele kuuluvate pankade kasumimaks Eestis teenitud kasumitelt jäänud kümnendi vältel nullilähedaseks. Veelgi ebaloomulikumaks muutub olukord sellisel juhul, kui Eestis teenitud, aga maksustamata kasumi arvel makstakse kasumimaksu välisriikide eelarvetesse.

Kokkuvõte

Et tulla toime probleemidega, mida põhjustab maksulaekumiste piiratus ja deformeerunud maksustruktuur, tuleb Eestis läbi viia täismahuline maksureform. Oluline on siinjuures märkida, et maksumuudatused peaksid hõlmama erinevaid maksutüüpe samaaegselt. Maksureformi peasuund peab olema kõrge sotsiaalmaksukoormuse vähendamine ning selle osaline nihutamine tulumaksude tasandile. Selle tagajärjel suureneks indiviidide ja ettevõtete tulumaksukoormus. Tulumaksukoormuse jaotust tulutasemest lähtudes tuleks kalibreerida tulumaksusüsteemi progresseeruvuse tõusuga, mis võimaldab kaasata rohkem vahendeid avaliku sektori vajadusteks. Samaaegselt on oluline taastada ka ettevõtte tulumaksusüsteem klassikalisel kujul, mis võimaldaks ületada tekkinud maksusüsteemi deformatsiooni.
Maksustruktuuri muutuste tagajärjel tekiks tasakaalustatum, fiskaalselt võimekam ja efektiivsem maksustruktuur.