THE REVENUES FROM TAXATION OF HOUSEHOLD CAPITAL IN EU MEMBER STATES. EVOLUTIONS AND EFFECTS AT THE MACROECONOMIC LEVEL

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Abstract

In this paper, we consider the analysis of tax revenues from household capital at the level of EU states, in the period 2015-2023, respectively, those regarding property taxation, capital gains from the population/ individuals, as well as the effects of tax benefits granted by the authorities regarding households on distribution/inequality. In this regard, we carry out a case study, through regression, for a panel data set for EU countries, through which we want to demonstrate that the fiscal pressure on households impacts the population's gross investment and saving rate, tax revenues, as well as inequality; the main statistical data come from the Eurostat and OECD-Global Revenue Statistics - Comparative tax revenues databases, expressed as a share of GDP, for the period 2015-2023. The analysis shows that income tax systems reduce inequality, but excessively high tax burdens can harm saving and increase social polarisation. This highlights the importance of balancing tax efficiency with distributive fairness within the European Union.

Keywords: population, taxation of capital, saving, inequality

JEL Classification: D31, H24, H26, G51

DOI: https://doi.org/10.65672/fs.2025.4.4

1. Introduction

Capital taxation, namely taxation of capital income and stocks, could play an important role in increasing revenue efficiency and making the tax system fairer. Recent international tax developments in terms of automatic exchange of information and administrative

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cooperation have increased the ability of Member States to collect taxes on mobile tax bases such as capital income.

Capital taxes include taxes on capital income from corporations, households and the self-employed, as well as taxes on capital stocks (recurrent property taxes, inheritance taxes) or on their transactions. Specifically, household capital means the capital stock and capital income. Capital stock refers to property taxation and property transfer taxation, and capital income refers to the taxation of income from capital holdings (rentals, financial assets, or private pension funds) and the taxation of income from the transfer of capital property (capital gains).

If we briefly approach the literature on household capital, some studies suggest that taxation has an important effect on household investment choices and portfolio composition (Domar & Musgrave, 1944; Mirrlees, 1971; Feldstein, 1976), an effect that can be achieved through different effective (marginal) tax rates across households and across assets, which can lead to portfolio specialisation.

There are also studies that consider tax reforms affecting different types of assets (real estate, financial assets, or private pensions). For real estate, the papers show that transaction taxes can lead to a shift from housing investments to higher-yielding commercial investments (Best, 2017). However, they can discourage the process of housing commercialisation and implicitly the reallocation of housing to its most productive use.

In the case of investments in financial assets, Alan and Leth-Petersen (2006) examined the effects of a substantial tax reform in Denmark on the composition of households' portfolios. The reform reduced the marginal tax rate on capital (bonds and shares), while increasing the cost of debt. The study finds that the tax reform significantly incentivises households to restructure their balance sheets in favour of capital. Zoutman (2014) studied the effects of a capital income tax reform in the Netherlands, which increased taxes on financial assets and owner-occupied housing. The study shows that the tax reform had a significant impact on the share of the portfolio invested in financial assets.

A study of OECD found that effective marginal tax rates are often higher than the statutory marginal tax rates applicable to households' capital income (OECD, 2018). This is mainly due to heterogeneous tax treatment, the presence of multiple taxes on capital income (income taxes, capital gains taxes, transaction taxes, etc.), tax

deferral effects and specific tax treatment of specific assets that reduce the tax base (e.g. tax expenses).

Taxation of household capital income has an impact on household disposable income, on household investment decisions, namely households' decisions on how much, when to invest and in which assets to invest. In addition, there is a "push" to reconsider taxation of household capital as a source of income. Given the mobility of international capital flows, taxes on capital have long been considered to be relatively more distortive sources of income, as they would lead to major behavioural changes (and could be easily avoided). As a result, many Member States rely little on taxation of household capital as a revenue-raising tool; also, there are countries that tax dividends, interest and capital gains at a flat and lower rate than labour income, as keeping final taxes withheld at source prevents tax avoidance behaviour. However, this argument may become less relevant given recent developments in the area of automatic exchange of information and anti-abuse measures, which have increased the ability of Member States to collect taxes from mobile tax bases. This makes capital taxation more attractive as a source of revenue and offers the opportunity to design it in a way that fosters inclusive growth (EC, 2020).

Given the lower tax rate on capital income, a dual income tax system gives preferential tax treatment to capital income compared to labour income, which can affect equity, as high-income households tend to earn higher capital income than low-income households.

The tax treatment of households' capital income differs considerably across countries. Sweden and Finland apply *a dual income tax system* (an income tax system that uses two different tax rates for labour and capital, for example, a proportional rate for capital and a progressive rate for labour); most other Member States apply a mixed tax approach, combining the features of a comprehensive and dual income tax system by taxing some assets inside and others outside the personal income tax system.

In this paper, we present the analysis of tax revenues from household capital at the level of EU states, during the period 2015-2023, the effects of tax benefits granted by the authorities regarding households on distribution/inequality and we develop a case study, through regression, for a panel data set for EU countries, through which we want to demonstrate that the tax pressure on households impacts the population's gross investment and saving rate and inequality (Gini

coefficient); the main statistical data come from the Eurostat and OECD-Global Revenue Statistics - Comparative tax revenues databases, expressed as a share of GDP, for the period 2015-2023.

2. Assessment of tax revenues from household capital taxation in the EU, 2015-2023

According to the latest data on tax trends in the EU (EC, 2025a), tax revenues as a share of GDP fell to 39.0% in 2023, from 39.7% in 2022, the lowest level since 2011. By economic function in the EU-27, revenues from taxes on labour (including social contributions) increased in nominal terms in 2023 by 5.9% (mainly due to wage increases), revenues from capital taxes increased by 4.5%, supported by rising corporate profits, while revenues from consumption taxes had the lowest growth rate (2.5%), due to sluggish domestic demand. As a result, the share of taxes on labour (including social contributions) in total tax revenue increased from 50.6% to 51.2%, consumption taxes as a share of GDP decreased from 27.6% to 26.9%, and the share of capital tax revenue remained unchanged at 21.9%.

In 2023, taxes on labour income, including social contributions, were the main source of tax revenue for 25 Member States, and in 13 of them, they accounted for more than half of total tax revenue. Sweden (57.0%), Germany (56.6%) and Austria (54.7%) occupied the top positions, while Croatia (34.8%), Bulgaria (36.2%) and Poland (38.5%) were on the opposite side. Consumption taxes were the largest source of tax revenue in two Member States (Croatia, 49.6% and Bulgaria, 42.5%) and accounted for over 35% of total tax revenue in five other Member States (Latvia, Greece, Estonia, Hungary and Romania). In contrast, they did not reach 25% of total tax revenue in four Member States (Luxembourg, Belgium, France and Spain). While capital bases were not the main source of tax revenue in any Member State, they accounted for 32.1% of total tax revenue in Ireland and over 25% in five other Member States (Poland, Luxembourg, Malta, Italy and Belgium). In contrast, Estonia, Latvia, Slovenia and Slovakia derived less than 15% of total tax revenue from capital bases.

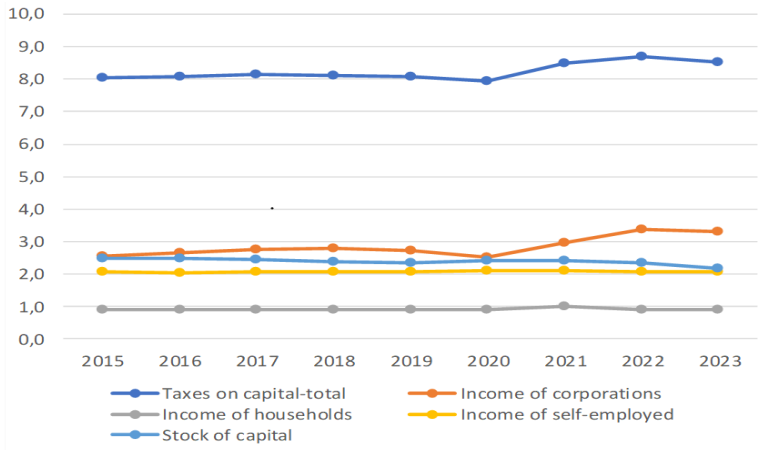
Capital tax revenues remain substantial, driven by corporate profits and more effective mechanisms to combat aggressive tax planning. In 2023, tax revenues from capital tax bases reached 8.5% of GDP, slightly down from the previous year (8.7%); the sustained growth of corporate profits in the years following the COVID-19

pandemic has significantly broadened capital tax bases, in a context where CIT rates (corporate income tax rates) appear to have stabilized in recent years, and ongoing reforms contribute to combating base erosion and profit shifting practices, as well as improving the efficiency of tax administrations. All this has led to significant changes in the composition of capital tax sources.

Corporate income taxes accounted for almost 39% of total capital tax revenues in 2022 and 2023, around 5.5 percentage points more than in 2015 and 2019. In contrast, self-employed income and, in particular, capital stock "lost weight" in the composition of capital tax bases, while revenues from taxation of household capital income remained largely stable. Capital stock taxes, in particular, accounted for over 30% of capital tax revenues until 2020, but fell to 25.7% in 2023. They also lost importance in GDP terms (2.19% in 2023, the lowest since 2011). This type of capital taxes includes, among others, property and wealth taxes, as well as others related to business activities.

Figure 1 illustrates the development of revenues from taxation of capital components for the EU-27 between 2015 and 2023.

Figure 1
Revenues from taxation of capital components for the EU 27, % of GDP, 2015-2023



Source: EC (2025b)

According to data that between 2015 and 2023, tax revenues had an oscillating trend, the exception being 2020 (pandemic year),

when revenues from profit taxation decreased by 0.2 pp, and subsequently "recovered" (+ 0.5 pp in 2021); the situation was similar for the level of revenues from capital taxation as a whole, the other components recording approximately the same level throughout the period.

2.1. Analysis of revenues from property taxation in EU member states in the period 2015-2023

Property taxes include a wide variety of taxes. The European Commission groups property taxes into two main categories. Firstly, recurrent taxes on real estate, which can be on residential property (usually paid by households) or non-residential property (usually paid by businesses). Secondly, in the category of other property taxes we can find, among others, taxes on net wealth, inheritance and gift taxes, taxes on financial or real estate transactions and stamp duties (EC, 2025).

Property tax revenues (in terms of GDP) have decreased significantly since 2020. After stabilizing at around 2.25% of GDP between 2014 and 2020, property tax revenues followed a downward trajectory and decreased to 1.85% of GDP in 2023, the lowest value since 2009. The decrease in recurrent property taxes was more pronounced (from 1.22% of GDP in 2020 to 0.94% in 2023) than other property taxes (from 1.04% in 2020 to 0.92%), leading to a leveling off of both categories. Such a trend suggests that recurring property taxes were more affected than other property taxes by the high price inflation of 2022-2023, indicating an incomplete update of property values, which would erode the tax base.

The share of property taxes in the tax mix varies significantly across Member States, falling in 21 of them over the past decade. In 2023, property taxes accounted for 4.7% of total tax revenues in the EU-27, 1.1 percentage points less than in 2015. Despite recent decreases, France is at the top of the list (8.4% of total revenues in 2023), followed by Belgium (7.4%).

Property taxes show limited development in many eastern EU countries, with Czechia and Estonia at the bottom (0.8% of total revenues). Compared to 2015, the share increased in only six Member States (the largest increase in Luxembourg) and decreased in the other 21 (the largest decrease in Greece). In terms of the composition of property taxes, Greece (5.1% of total revenues), France (4.6%) and Denmark (3.9%) rely more on recurrent taxes on real estate, while

other property taxes are particularly important in Luxembourg (5.5% of total), followed by Belgium (4.5%) and Portugal (4.2%). As for Romania, in 2023, recurrent taxes and other property taxes have the same level of GDP, at 0.9%, 0.4 pp and 0.1 pp respectively, less compared to 2015.

Recurrent taxes on residential properties usually have a limited impact on economic activity and the behaviour of economic agents. They are usually based on cadastral values and managed by local entities, and the updating process is sometimes not transparent. In this context, outdated cadastral values have likely led to a decrease in revenues in the period 2022-2023. Some improvements have been proposed in the design of recurrent taxes on housing, with the aim of strengthening their fairness and serving the objective of the green transition, such as a progressive rate schedule and a periodically updated tax base that takes into account the energy performance of the building.

Figure 2
Property tax revenues as a percentage of GDP, EU-27, 2015-2023

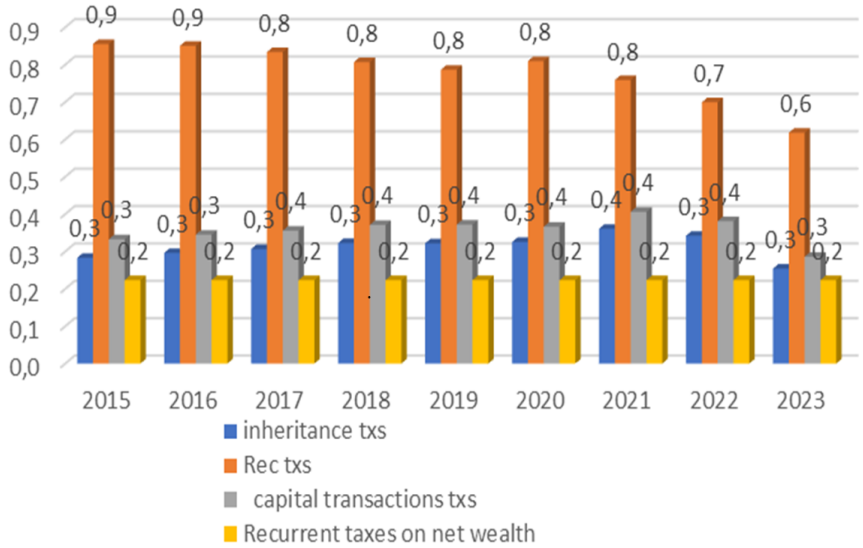
Source: EC (2025b)

2.2. Analysis of revenues from taxes on the transfer of wealth - inheritances/successions and gifts in the period 2015-2023 in EU Member States

Inheritance and donation taxes are, according to the OECD classification (the European Commission includes them in "other property taxes"), included in property taxes, along with recurrent

property taxes, taxes on net wealth, other taxes, including those on financial transactions. Therefore, if we consider inheritance taxes as a share of GDP, within property taxes, the situation is revealed in the figure below.

Figure 3
Evolution of revenues from property taxation, by components, in EU countries, in 2015-2023, % GDP



Source: OECD data explorer, Global tax revenues. https://data-explorer.oecd.org/

Inheritance and gift tax revenues have fluctuated slightly over time. Figure 3 analyses the evolution of the revenues generated by inheritance and gift taxes compared to those generated by wealth/property taxes in general over the last 8 years. It shows that, while the share of total wealth taxes (as % of GDP) has increased steadily over time, the share of inheritance taxes is only slightly increasing, an aspect explained by the fact that several countries have abolished inheritance taxes, despite the increase in the wealth/income ratio and the concentration of wealth over the same period.

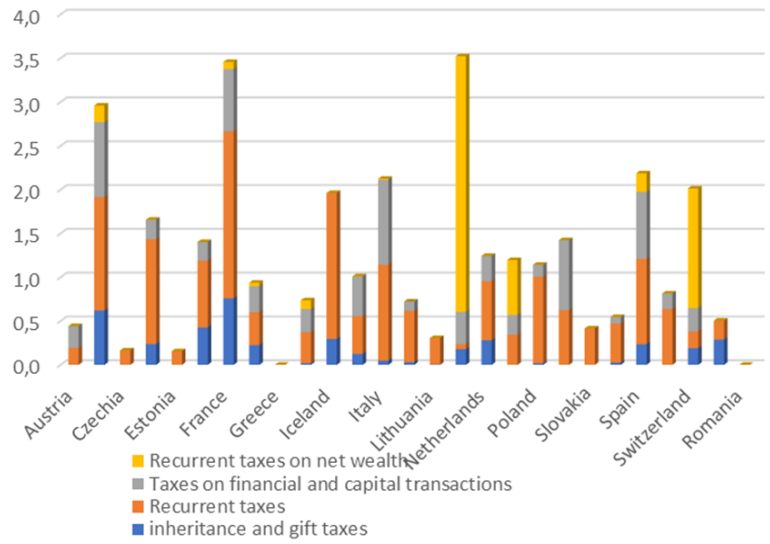
In the period 2015-2023, inheritance taxes have remained relatively constant, with the EU average being approximately 0.3%. It is worth noting that Belgium and France stand out for their contribution, with shares that have remained relatively constant over this period, at 0.7 and 0.6 % of GDP, respectively. We note that within property

taxation, recurrent property taxes predominate, with values ranging from 0.8% of GDP in 2015 to 0.6% of GDP in 2023. Also important are revenues related to the taxation of financial transactions, their level remaining somewhat constant in the analysed period, at approximately 0.4% of GDP.

In 2023, we note that recurrent property taxes (France, Denmark, Belgium, Poland) and financial transaction taxation (Italy, Belgium, France, Portugal) predominate, inheritance taxation is reduced in the EU (France, Finland, Belgium), and the net wealth tax is present only in Luxembourg, France, Belgium, Hungary (0.1% of GDP).

Figure 4

Property taxation by components, 2023, % of GDP, in the EU



Source: OECD data explorer, Global tax revenues. https://data-explorer.oecd.org/

2.3. Assessing the revenues from capital gains taxation in the EU countries

We discuss capital gains, these revenues that are "culpable", among other factors, for the increase in wealth concentration and tax avoidance strategies available exclusively to high and ultra-high net worth individuals at European and global levels (by increasing the value of assets held, their price leading to an increase in the shares of the richest) (Oxfam, 2025).

Taxes on capital income (dividends and capital gains) should play a key role in current tax systems, as they apply predominantly to the richest individuals. According to the Oxfam report (2025), in Europe, the richest 1% own 47% of total financial wealth, this being the main source of capital income. However, in most EU countries, capital income is taxed at rates that are generally lower than the top income tax rate, making tax systems more regressive, increasing inequalities by not taxing the rich adequately or by taxing people with similar incomes differently depending on the source of that income (e.g. labour or capital).

In recent years, realised capital gains have increased in many EU countries; however, their level as a percentage of GDP is zero or very low, the states where they are present being, according to OECD statistics (OECD, 2024), Greece (in the period 2015-2023, the level remained the same, at 0.1% GDP), Ireland (the level varied between 0.2-0.3% GDP), Sweden (the highest level in the EU 27, in 2016, 1.6% GDP, 2018, 1.8% GDP, 2023, 1.1% GDP), Malta (0.8-0.5% GDP in 2023), Croatia or Romania (0.2-0.3% GDP in 2022).

Here are some states that draw attention to the taxation of capital gains: in Luxembourg, a person pays 44 percentage points (pp) less tax on income from capital gains from shares than on income from labour. The country also exempts capital gains from small holdings of securities held for more than six months, making it an attractive destination for anyone looking to sell assets tax-free (Finér, Pankka, 2025).

In France, long-term capital gains taxation for high-income earners is 21 pp lower than that for labour; similarly, in Italy, the difference is 20 pp in Italy, 15 pp in Spain and 9 pp in Denmark.

Belgium has been notable for not taxing capital gains. However, the government has proposed introducing a 10% tax on gains exceeding 10,000 euros from 2025. That said, majority shareholders (holding more than 20%) would benefit from a full exemption for capital gains below 1 million euros, with reduced rates applicable to gains up to 10 million euros. Similarly, Cyprus exempts capital gains not related to the ownership of real estate, while Malta exempts many capital gains or taxes them at very low rates, particularly for wealthy non-residents.

As mentioned above, most EU countries tax capital gains more favourably than other forms of income, separately from income from employment, most commonly at fixed rates (possibly together with other capital income) or at progressive rates, which tend to be lower

than the rates charged on employment income. Some countries tax capital gains together with other personal income, but offer tax reliefs, such as partial exemptions (Hourani & Perret, 2025).

In general, capital gains tax revenues fluctuate considerably, with the most important tax bases being housing and financial assets, which may follow a different cycle compared to aggregate economic activity (Mengden, 2025). Tax treatment and tax rates also differ considerably between Member States and are subject to regular changes.

In most tax systems, capital gains income is taxed only upon realisation, that is, when assets are sold, and increases in value are realised. The profit realised from the sale of capital assets constitutes a realised capital gain. OECD research shows that realised capital gains have been increasing in many OECD countries (Hourani & Perret, 2025). Among countries with available data, realised capital gains have represented between 1% and 6% of GDP over the past two decades and have increased as a share of GDP since the global financial crisis.

Unrealised capital gains are largely untaxed due to difficulties in monitoring and valuation. As a result, the share of economic resources controlled by the wealthy increases without generating significant taxable income. The realisation tax base can incentivise tax-minimising behaviours, such as income shifting and deferring capital gains. Alternatively, several options for specific tax reforms are possible. However, an important negative consequence of increasing taxes on personal capital income is the potential for capital flight or behavioural changes. High and very high net worth individuals and investors may relocate their capital to lower tax jurisdictions to avoid high taxes, thereby reducing the overall tax base and potentially reducing tax revenues. This effect is particularly common in small, open economies with lower tax rates where capital is highly mobile (Chirinko, Wilson, 2017).

3. Macroeconomic effects of taxation of household capital income

Capital taxation has multiple effects, both macro and microeconomic. In this case, we consider the taxation of household capital income, which can impact savings, investments and the economic/fiscal behaviour of individuals.

3.1. Effects of tax expenditures on personal income taxation in the EU countries

According to the Annual Report on Taxation in the EU (EC, 2025), the assessment of tax expenditures, namely the benefits granted by the state related to various components of capital, involves heterogeneous distributional implications. Within the framework of personal income taxation, tax expenditures are typically related to employment, family and housing policies. For example, employment-related spending is often aimed at supporting low-income earners, while housing-related spending, such as mortgage tax relief, is aimed at increasing home ownership and can also affect inequality, benefiting households in higher-income deciles, depending on how it is designed. Tax expenses on family support tend to reduce income inequality, according to the EU Tax Expenditure Report (EC, 2024), with households with the lowest income levels benefiting less from such tax support, even in Member States where tax expenses are generally progressive.

The fiscal and distributional impact of tax expenditures on personal income taxation in the EU is analysed in the above-mentioned study, based on the EU EUROMOD tax and benefit microsimulation model[1]. It uses survey data on gross income, labour market status, and other characteristics of individuals and households, and applies them to the tax and benefit rules in force in each of the 27 EU Member States to simulate taxes, social security contributions, and cash benefits. In this context, tax expenditures related to employment, housing, education, health and family are used, the baseline scenario (the real situation) being compared with a hypothetical scenario in which the simulated tax expenditures related to employment, housing, education, health, and family are set to zero.

The conclusions reached by the authors of the study showed that there are EU countries where tax benefits represent a considerable part of the income tax revenues (over 25% in Slovakia (25%), Greece (27%), Portugal (30%), Romania (32%), but less than 5% in Cyprus (1%), Malta (3%), Estonia (4%) Denmark (5%)), or, if the cost associated with tax expenditures can also be expressed as a percentage of GDP, simulated tax expenditures represent on average

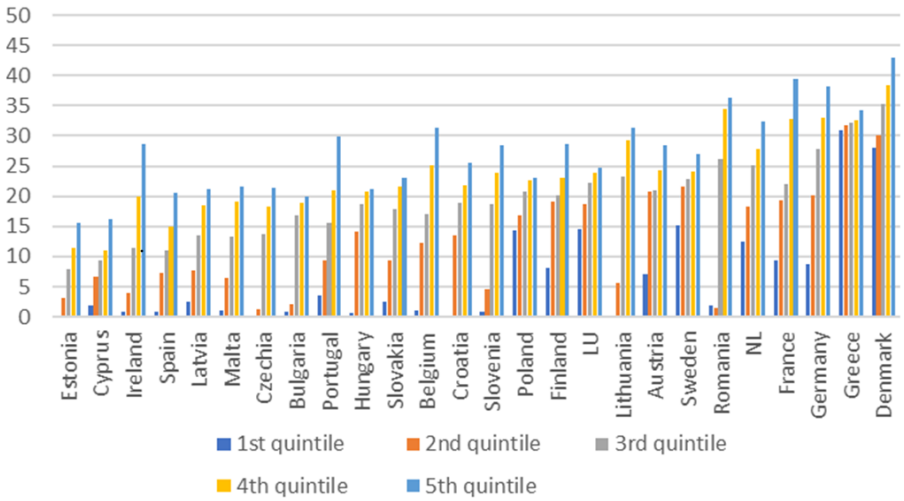
[1] *EU EUROMOD (The tax benefit microsimulation model for the European Union) is updated by the European Commission's Joint Research Centre. Details are available at: https://euromod-web.jrc.ec.europa.eu/*

1.2% of EU GDP, ranging from 0.03% in Cyprus to 2.8% in Belgium. Regarding the impact of tax expenditures on household disposable income in different Member States, they have a small impact on household disposable income (in Cyprus, Croatia, Malta), but a considerable impact in the Netherlands, for example, where simulated tax expenditures lead to a 14% increase in average household disposable income.

In the current context, using the latest available Eurostat data (2020), we analyse the percentage of direct taxes paid by households as a share of their gross income (Figure 5).

Figure 5

Median amount of direct taxes paid by households as a percentage of their gross income, in the EU countries, in 2020



Source: Eurostat data on Distribution of direct taxes paid by households as a percentage of their gross income by income quintile - experimental statistics. https://doi.org/10.2908/ICW_TAX_06

Households with higher incomes contribute relatively more to direct taxes in all EU Member States; if all direct taxes are taken into account, the median of the 20% of households with the highest incomes (5th income quintile) pays the largest share of their gross income for direct taxes. The difference in tax payments as a share of gross income between the first and 5th quintiles is highlighted in Romania (34.5 pp), Lithuania (31.4 pp), Belgium (30.2 pp), France

(30.1 pp), and Germany (29.5 pp). The 20% of the poorest households pay a relatively large share of their gross income in Greece and Denmark.

We believe that the current political context and global trends (ageing population, globalisation, and digitalisation) call for a rethink of income tax. In addition, increasing social security and income tax rates to compensate for a smaller tax base can discourage labour market participation, and a growing focus on inequality has led to the need for more substantial redistribution. Revenue losses could be compensated by shifting part of the tax burden to other tax bases (consumption, personal capital income), increasing overall tax compliance (i.e., reducing tax fraud, evasion, and avoidance), and considering a reallocation of taxing rights (as foreseen for Pillar 1).

3.2. Case study on the effects of taxation of household capital through taxation of personal income, including capital gains, recurrent property taxation on investment rates, saving and inequality

We analyse how the tax structure and the level of tax pressure influence the financial behaviour of households and income inequality in the European Union Member States, over the period 2011–2024. The study uses a panel data set for EU countries, which includes indicators on the gross household saving rate (REBG), the gross household investment rate (RIBG) and the Gini coefficient (GINI), along with the main components of the tax system such as income taxes (IVG), recurrent property taxes (IRP), inheritance and gift taxes (TMC) and total tax revenue (VF).

Using panel estimations with fixed effects by country and year, the analysis aims to capture the impact of structural differences across European tax systems on households' saving and investment decisions, as well as on income distribution. The main aim is to assess the extent to which different forms of taxation contribute to stimulating prudent economic behavior or reducing social inequalities. Overall, the research provides a comparative perspective on the relationship between fiscal policy, private saving and distributive equity in the context of the post-crisis European Union, highlighting the role of fiscal reforms in balancing economic growth and social cohesion. The results of the three regressions are reported in Table 1.

Table 1

Estimation results

Explanatory variable	(1) REBG – Gross saving rate	(2) RIBG – Gross investment rate	(3) GINI –Gini coefficient
IVG (household income tax)	−0.544 (p = 0.260)	0.353 (p = 0.027)	−0.309 * (p = 0.051)
IRP (recurrent property tax)	−1.249 (p = 0.410)	−0.213 (p = 0.786)	+1.157 (p = 0.342)
TMC (inheritance/ gift tax)	+3.191 (p = 0.446)	−3.643 (p = 0.207)	+6.514 (p = 0.040)
VF (total tax revenues)	−0.684 *** (p = 0.001)**	−0.111 (p = 0.311)	+0.228 (p = 0.044)
GINI	+0.348 (p = 0.153)	+0.092 (p = 0.570)	—
REBG	—	—	+0.095 (p = 0.131)
RIBG	—	—	+0.108 (p = 0.496)
Constant	26.76 *** (p = 0.004)	6.39 (p = 0.154)	20.88 *** (p < 0.001)
Fixed Effects	Country & Year	Country & Year	Country & Year
No of observations	158	158	158
No of clusters (countries)	16	16	16
F-statistic (robust)	7.49	1.78	6.38
Prob > F	0.0011	0.1772	0.0017
R^2 total	0.9176	0.9073	0.9166
R^2	0.2529	0.0477	0.1270

source: Author's

*Note: p-value (p) is reported in parentheses. Statistically significant results are marked with *,**,*** representing statistical significance at the 10%, 5%, and 1% level, respectively.*

The results of the three regressions highlight notable differences in how tax policy affects saving, investment, and income inequality across European Union member states over the period 2011–2024.

First, the estimated model for the gross household saving rate (REBG) shows that total tax revenues (VF) have a negative and statistically significant effect on saving, suggesting that a high overall tax burden limits households' ability to accumulate financial resources. The other tax components – income taxes (IVG), property taxes (IRP) and inheritance taxes (TMC) – do not show significant effects, although the signs of the coefficients are in the theoretically expected direction (taxation of income and property reduces saving, and inheritance taxes can stimulate it). This model has an overall R^2 of 0.9176 and an R^2 of 0.25, indicating a good explanation of the total variation, but a

moderate effect of tax variables on the variation in saving over time within countries.

In the second model, with the household gross investment rate (RIBG) as the dependent variable, only income taxes (IVG) are significant, having a positive effect. This suggests that in countries where the income tax system is more consolidated and collection is more efficient, households tend to make more formal investments, possibly as a result of a more predictable and transparent economic environment. Neither total tax revenues nor other types of taxes significantly influence investments, and the R^2 of only 0.05 shows that variations in investments over time are explained to a small extent by the tax structure, suggesting that other factors (e.g. interest rates, economic expectations, credit policies) play a more important role in households' investment decisions.

In contrast, the best performing regression in terms of explanatory power is the one for the Gini coefficient (GINI), which has an overall R^2 of 0.9166 and a high overall significance (Prob > F = 0.0017). The results show that income taxes (IVG) significantly reduce inequality, confirming the redistributive role of direct taxation, while inheritance and gift taxes (TMC) and total tax revenues (VF) are positively associated with inequality, signalling that, in some cases, the general tax burden and taxes on wealth fail to compensate for social differences, but can actually increase them.

Overall, the models indicate that income-based tax systems help reduce inequalities. However, a high total tax burden reduces saving and can increase social polarisation, highlighting the need for a balance between tax efficiency and distributive equity within the EU.

4. Conclusions

In the paper, we presented the analysis of tax revenues from household capital at the level of EU states, in the period 2015-2023, respectively those regarding property taxation (recurrent taxes and those related to the transmission of assets - inheritances, gifts), capital gains from the population/individuals, as well as the effects of tax benefits granted by the authorities regarding households on distribution/inequality.

According to European Commission data, at the EU 27 level, for the year 2023, tax revenues from capital taxation as a share of GDP represent 8.5% of GDP, and of total taxes, 21.9%. In structure,

corporate income tax generates the largest revenues from capital tax, followed by property taxes. Other capital taxes, such as inheritance and wealth taxes, generate only a small part of total capital tax revenues.

A contribution of the paper consists in conducting a case study, through regression, for a panel data set for EU countries, the aim being to demonstrate how the fiscal pressure on households (in our case, recurrent property taxation and taxation of population income, including capital gains) impacts the population's gross investment and saving rate, tax revenues (excluding social contributions), as well as inequality (Gini coefficient). The conclusion is that tax systems based on income taxation contribute to reducing inequalities, but a high total tax burden reduces saving and can amplify social polarisation, highlighting the need for a balance between fiscal efficiency and distributive equity within the EU.

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