

DATA ANALYSIS

# STANDARD OF LIVING VS TAX RATES IN EUROPEAN COUNTRIES 2020-2024

BY ORLIN DATA ANALYST



# AGENDA

STANDARD OF LIVING VS TAX RATES  
IN EUROPEAN COUNTRIES 2020-2024

1

OBJECTIVE OF  
THE STUDY

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DATA  
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KEY  
METRICS

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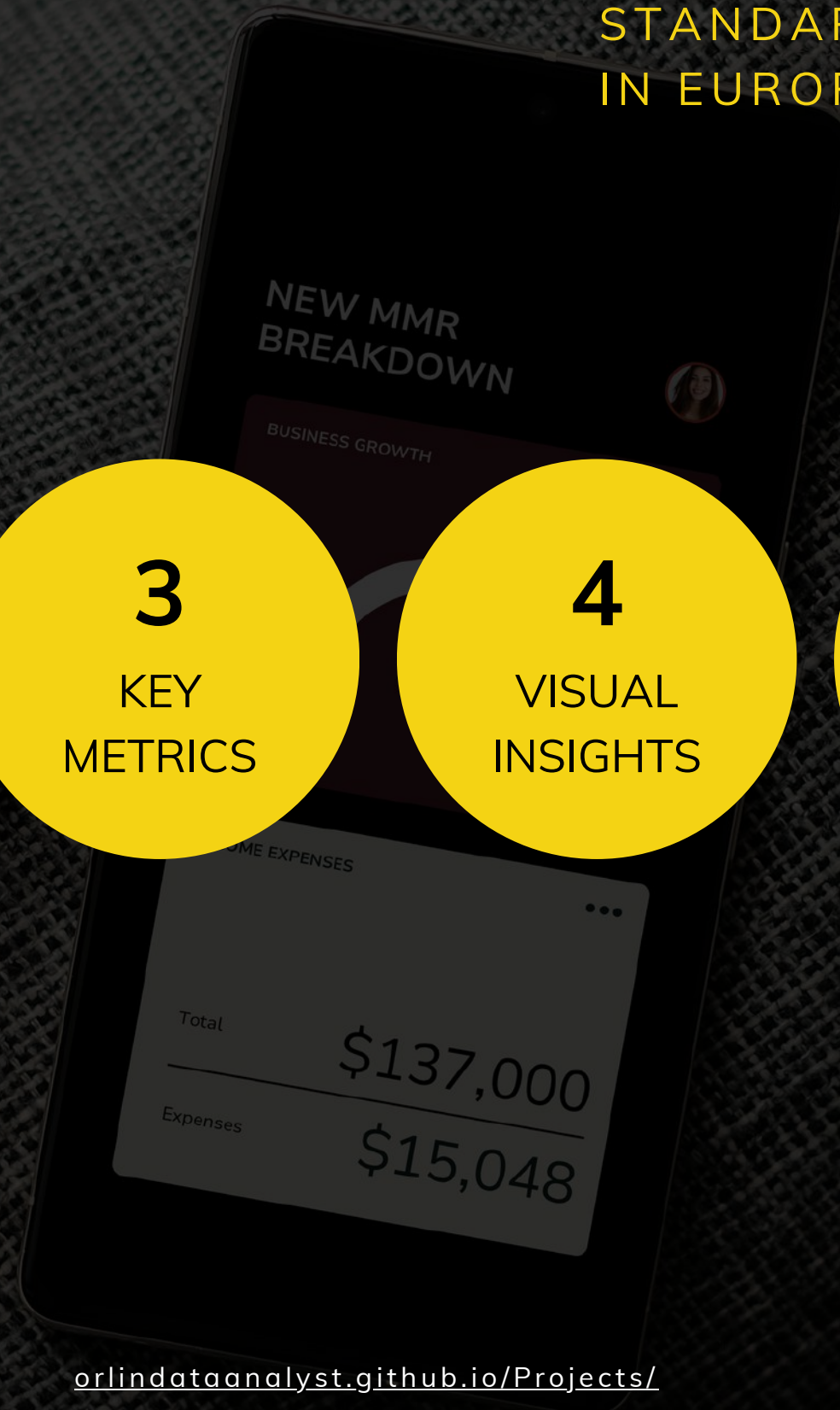
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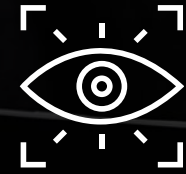
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# 1. OBJECTIVE



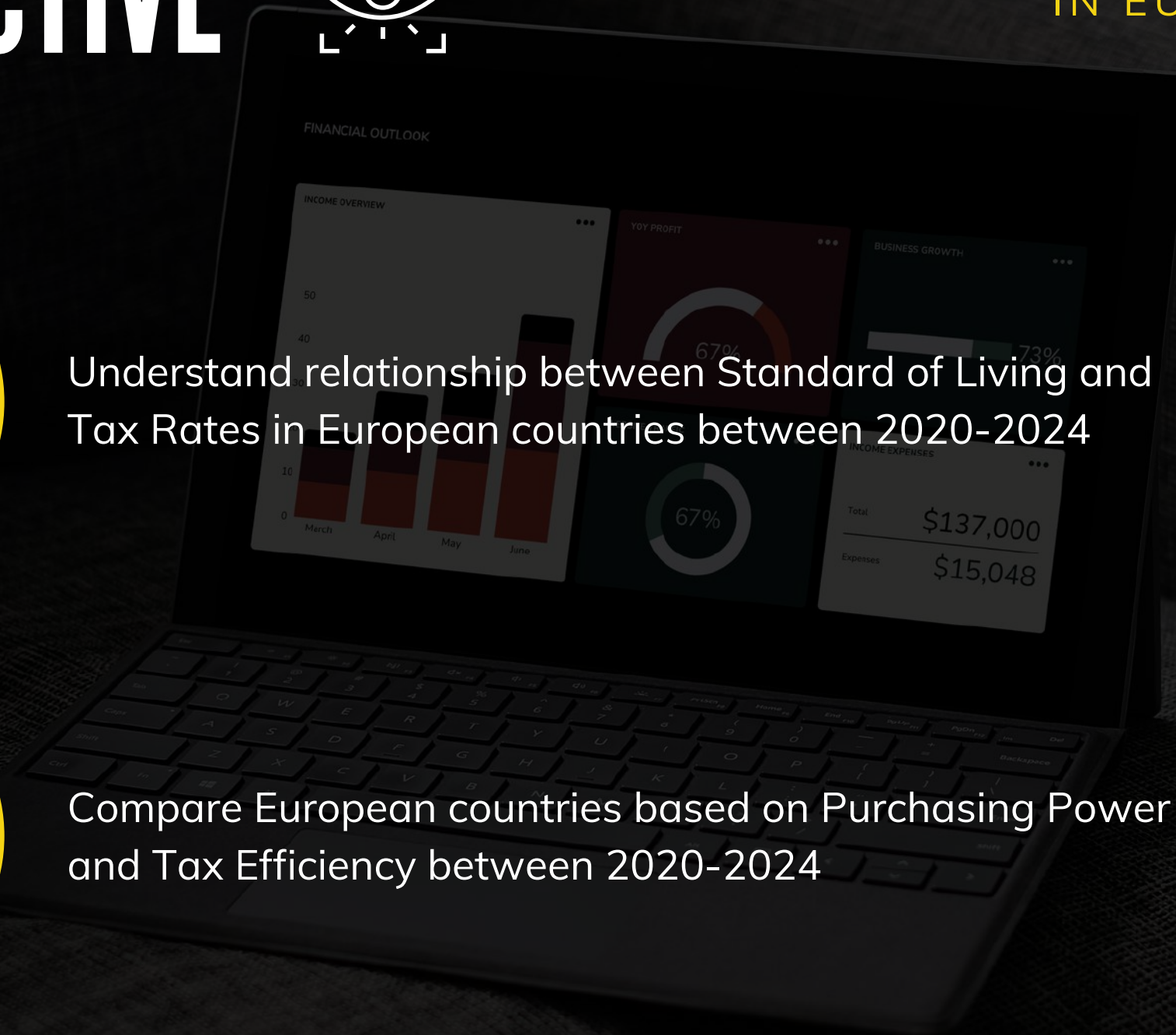
STANDARD OF LIVING VS TAX RATES  
IN EUROPEAN COUNTRIES 2020-2024



Understand relationship between Standard of Living and  
Tax Rates in European countries between 2020-2024



Compare European countries based on Purchasing Power (PP)  
and Tax Efficiency between 2020-2024





## 2. DATA SOURCES

STANDARD OF LIVING VS TAX RATES  
IN EUROPEAN COUNTRIES 2020-2024



GDP per Capita in PPS (Eurostat)

\*GDP - Gross Domestic Product | PPS - Purchasing Power Standard



Price Level Indices (Eurostat)



Tax Rates based two persons with two children (Eurostat)

[orlindataanalyst.github.io/Projects/](https://orlindataanalyst.github.io/Projects/)



# 3. KEY METRICS



STANDARD OF LIVING VS TAX RATES  
IN EUROPEAN COUNTRIES 2020-2024



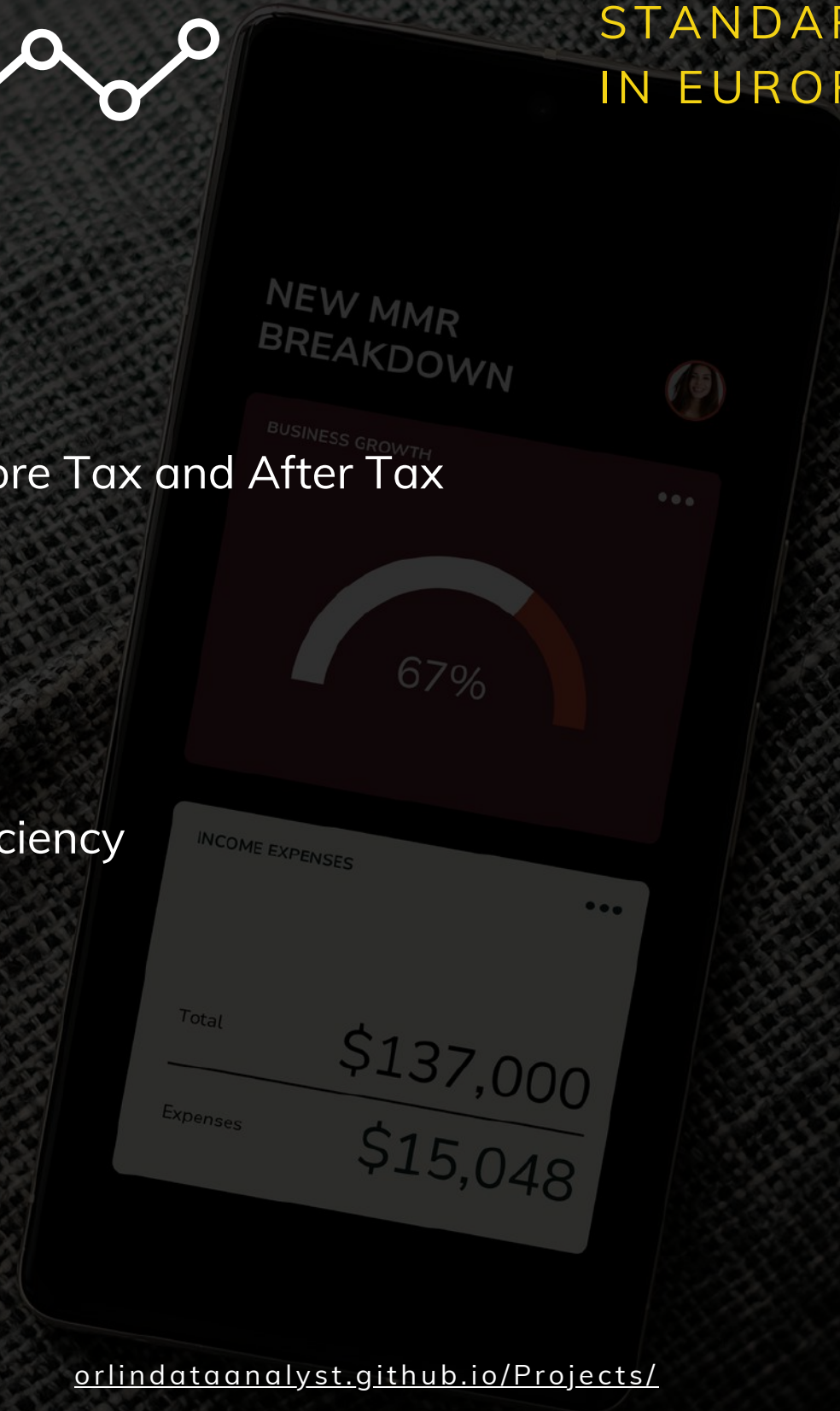
Purchasing Power Before Tax and After Tax



Tax Rates and Tax Efficiency



GDP per capita

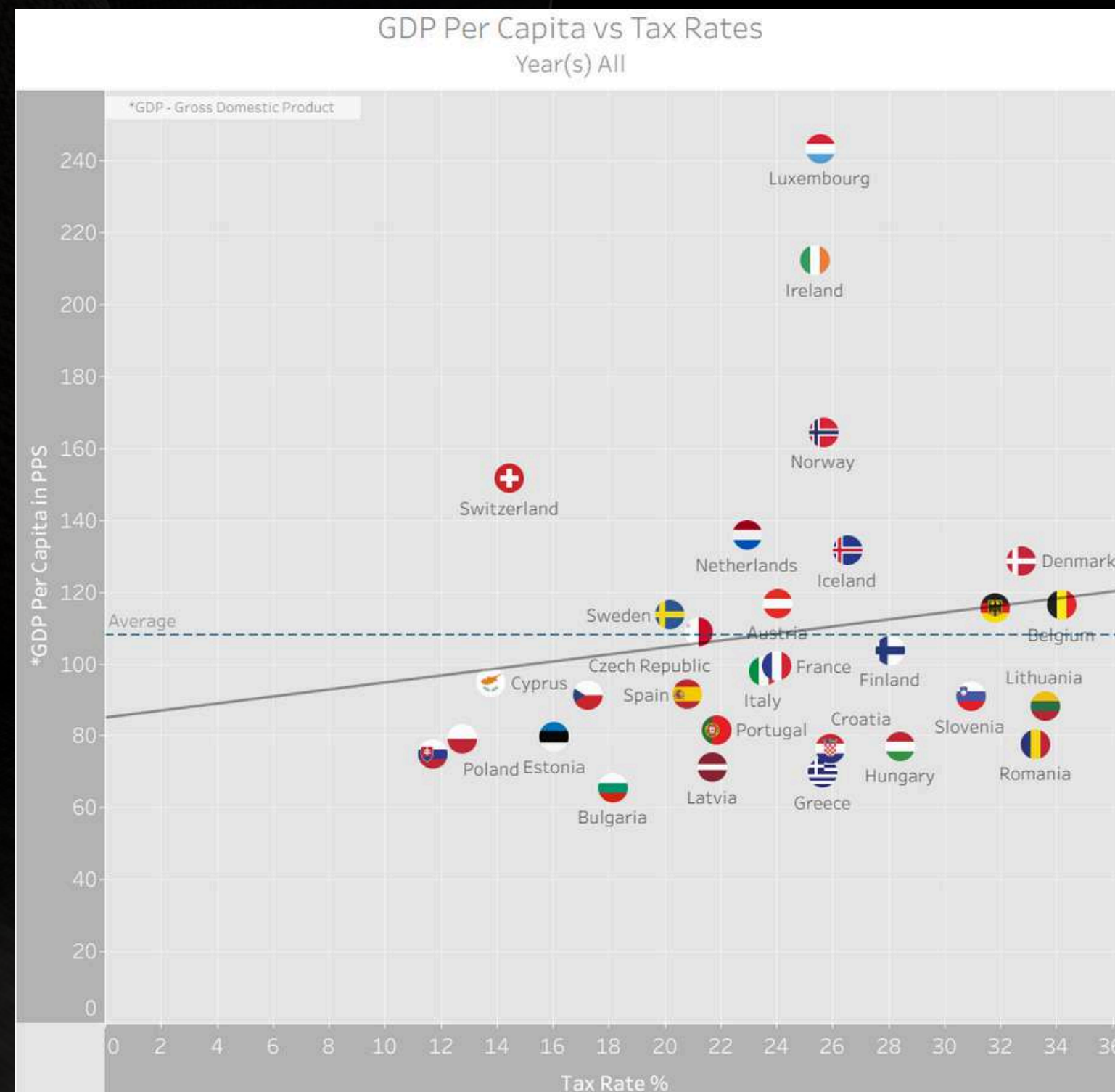


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# 4. VISUAL INSIGHTS

## STANDARD OF LIVING VS TAX RATES IN EUROPEAN COUNTRIES 2020-2024



### HOW TAXES CORRELATE TO GDP PER CAPITA?

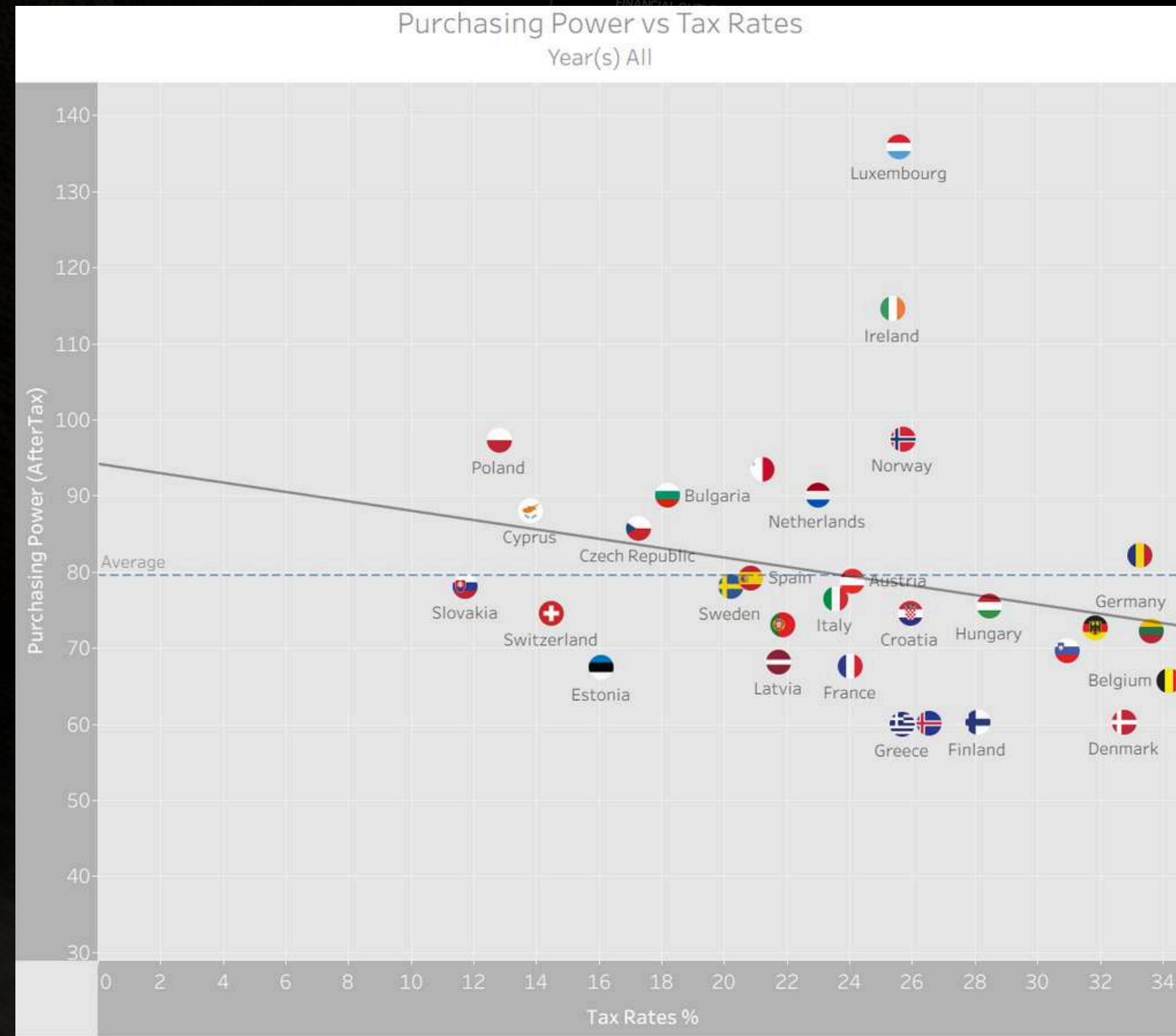
#### Key Takeaways:

- Slight positive trend: Higher taxes → Higher GDP
- General Trend: Most countries with tax rates <25% have a GDP per capita below or around the average, e.g. Poland, Bulgaria, Czech Republic
- General Trend: Most countries with tax rates >25% have a GDP per capita at or above the average, e.g. Denmark, Belgium, Austria
- For any given tax rate, there is a large variation in GDP per capita (and vice versa)



# 4. VISUAL INSIGHTS

## STANDARD OF LIVING VS TAX RATES IN EUROPEAN COUNTRIES 2020-2024



### DO HIGHER TAXES REDUCE PURCHASING POWER?

#### Key Takeaways:

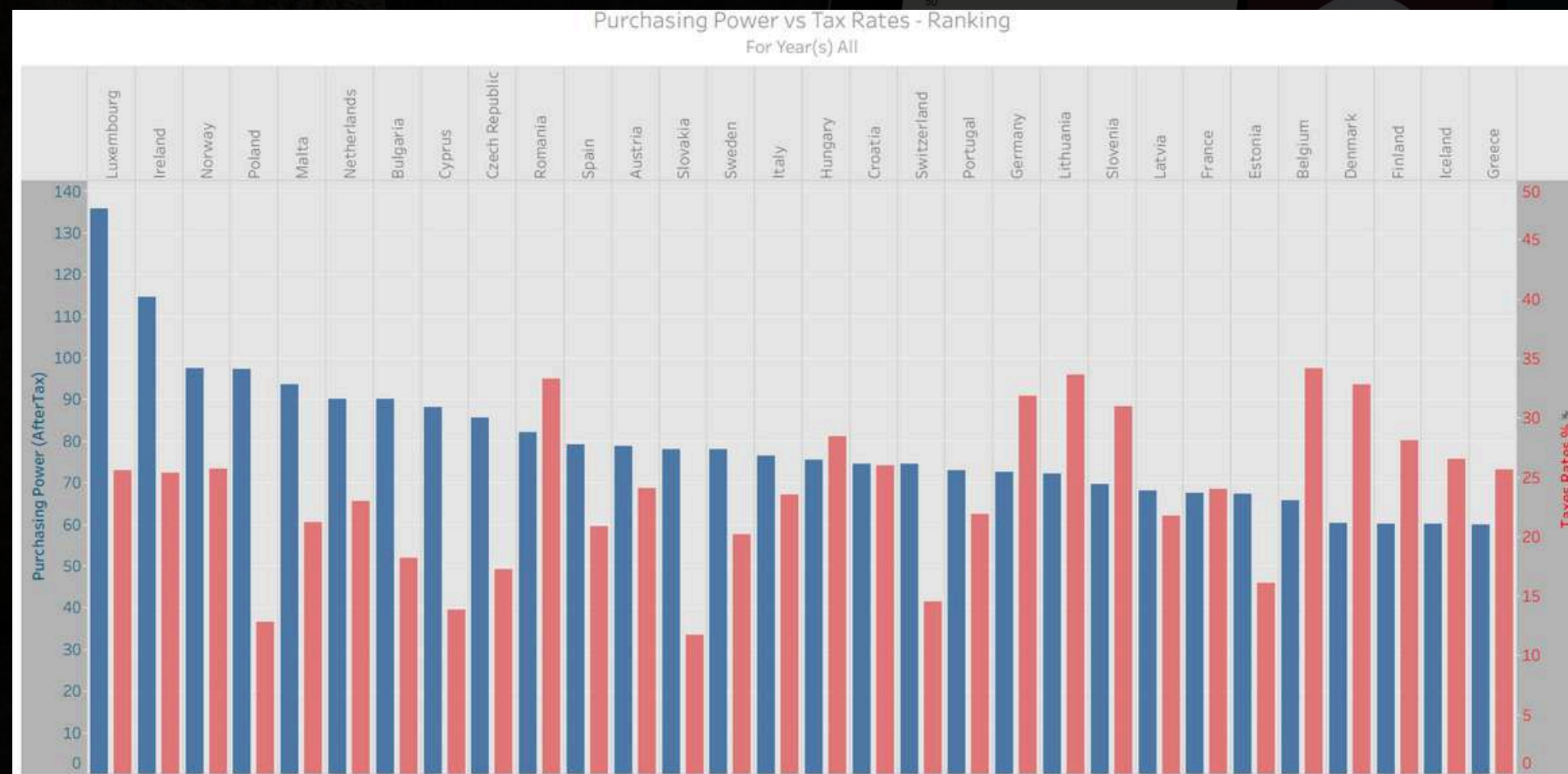
- Slight negative trend: Higher Taxes → Lower PP
- General Trend: Most countries with tax rates <25% are above the average after-tax PP, e.g. Poland, Cyprus, Czech Republic
- General Trend: Most countries with tax rates >30% are below the average after-tax PP, e.g. Germany, Belgium, Denmark
- While the negative trend is clearer than the GDP chart, there is still substantial variation



# 4. VISUAL INSIGHTS

## STANDARD OF LIVING VS TAX RATES IN EUROPEAN COUNTRIES 2020-2024

HOW COUNTRIES RANK ON PP VS TAXES?



Key Takeaways:

- General Trend: Most countries with a high PP ranking (excl. top outliers) tend to have low to average tax rates, e.g. Poland, Malta, Cyprus
- General Trend: Most countries at the bottom of the PP ranking tend to have high tax rates, e.g. Denmark, Finland, Belgium
- Deviations in ranking confirm that a lower tax rate does not necessarily guarantee a higher PP



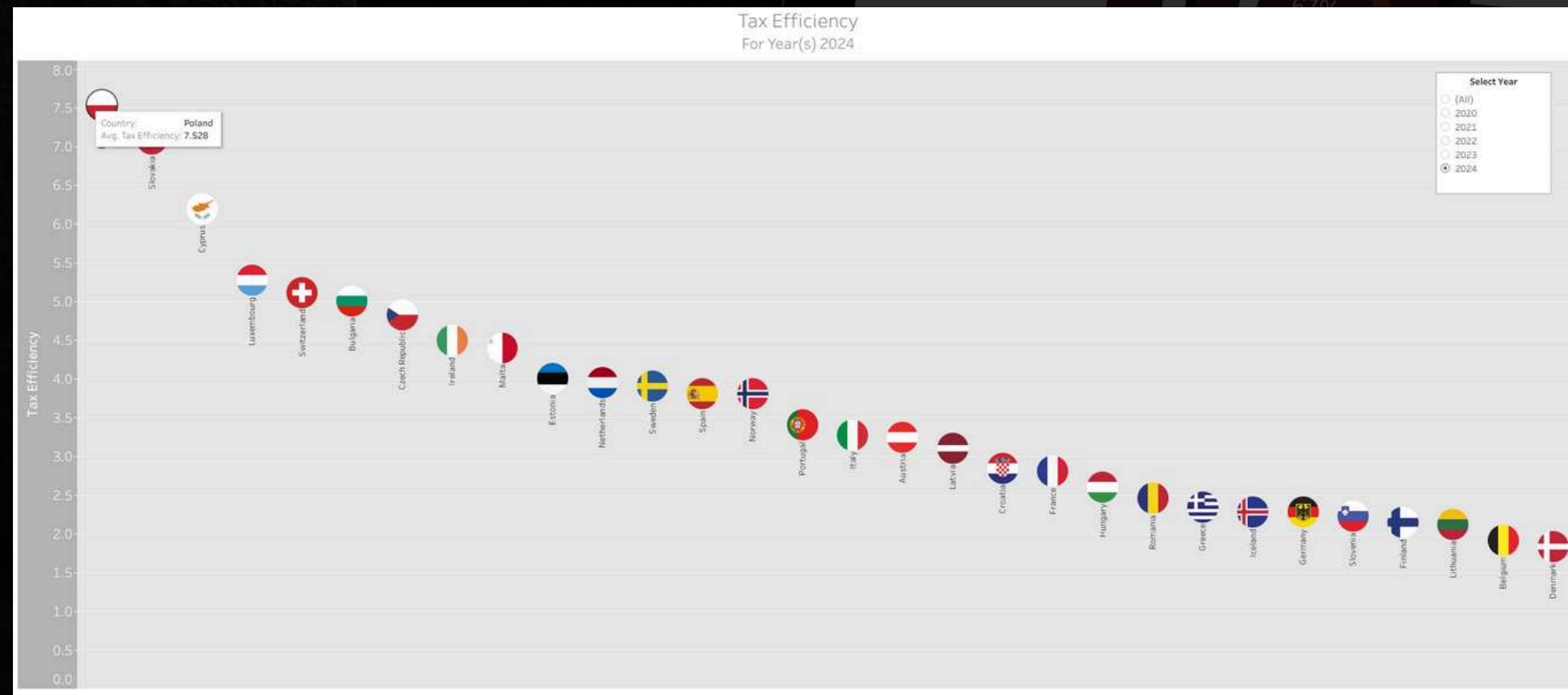
# 4. VISUAL INSIGHTS

## STANDARD OF LIVING VS TAX RATES IN EUROPEAN COUNTRIES 2020-2024

WHICH COUNTRIES GIVE BEST & WORST VALUE  
FOR MONEY?

Key Takeaways:

- Ranking reveals a regional split between Eastern and Central Europe on tax efficiency
- Eastern countries give best value for money - Poland tops, followed by Slovakia and Cyprus
- Mid-tax financial hubs such as Luxembourg, Switzerland, Ireland and Malta feature in the top 10
- High-tax Nordic and Western countries lag behind - Denmark at the bottom, joined by Finland, Iceland, Germany and Belgium





# 4. VISUAL INSIGHTS



## STANDARD OF LIVING VS TAX RATES IN EUROPEAN COUNTRIES 2020-2024

WHAT IS THE PP ACROSS COUNTRIES?  
(ONLY 2024)

### Key Takeaways:

- High-tax countries like Germany, France, Belgium have mid-level PP across other countries
- Denmark and Finland show high taxes in comparison to the lower PP across other countries
- Luxembourg and Ireland break the pattern - high PP abroad despite moderate taxes (due to high GDP)
- Eastern Europe countries show lower taxes, but also lower PP abroad

Purchasing Power Across Countries 2024																														
Origin Country	Destination Country																													
	Austria	Belgium	Bulgaria	Croatia	Cyprus	Czech Republic	Denmark	Estonia	Finland	France	Germany	Greece	Hungary	Iceland	Ireland	Italy	Latvia	Lithuania	Luxemb.	Malta	Netherl.	Norway	Poland	Portugal	Romania	Slovakia	Slovenia	Spain	Sweden	Switzer.
Austria	100	97	189	148	122	128	79	113	91	101	104	131	154	70	82	116	138	138	85	123	97	91	156	130	177	133	125	124	98	65
Belgium	103	100	195	153	126	132	81	117	94	105	107	136	159	72	84	120	142	143	88	127	100	94	161	134	183	138	129	128	101	67
Bulgaria	53	51	100	78	64	68	42	60	48	54	55	69	81	37	43	61	73	73	45	65	52	48	83	69	94	71	66	66	52	34
Croatia	68	66	128	100	82	86	53	76	62	69	70	89	104	47	55	78	93	94	58	83	66	62	106	88	120	90	85	84	66	44
Cyprus	82	80	155	122	100	105	65	93	75	84	86	108	126	57	67	95	113	114	70	101	80	75	129	107	146	110	103	102	81	53
Czech Republic	78	76	148	116	95	100	62	88	72	80	81	103	120	55	64	91	108	108	67	97	76	71	122	102	139	104	98	97	77	51
Denmark	127	123	240	188	154	162	100	143	116	129	132	166	195	89	104	147	175	175	108	156	123	115	198	165	225	169	159	157	124	82
Estonia	89	86	168	131	108	113	70	100	81	90	92	116	136	62	72	103	122	123	75	109	86	81	139	115	157	118	111	110	87	57
Finland	110	106	207	162	133	140	86	124	100	111	114	144	168	76	89	127	151	151	93	135	107	100	171	142	194	146	137	136	107	71
France	99	96	186	146	120	126	78	111	90	100	102	129	151	69	81	114	136	136	84	121	96	90	154	128	175	131	123	122	97	64
Germany	96	93	182	142	117	123	76	109	88	98	100	126	148	67	79	111	133	133	82	119	94	88	150	125	171	128	120	120	94	62
Greece	76	74	144	113	93	97	60	86	70	77	79	100	117	53	62	88	105	105	65	94	74	69	119	99	135	102	95	95	75	49
Hungary	65	63	123	96	79	83	51	74	60	66	68	86	100	46	53	75	90	90	55	80	63	59	102	85	115	87	82	81	64	42
Iceland	143	139	271	212	174	183	113	162	131	145	149	188	220	100	117	166	198	198	122	177	139	130	224	186	254	191	179	178	141	93
Ireland	122	119	231	181	149	156	97	138	112	124	127	161	188	85	100	142	169	169	104	151	119	111	191	159	217	163	153	152	120	79
Italy	86	84	163	128	105	110	68	98	79	88	90	113	133	60	71	100	119	120	73	106	84	79	135	112	153	115	108	107	85	56
Latvia	73	70	137	107	88	93	57	82	66	74	75	95	111	51	59	84	100	100	62	89	71	66	113	94	128	97	91	90	71	47
Lithuania	72	70	137	107	88	92	57	82	66	73	75	95	111	51	59	84	100	100	61	89	70	66	113	94	128	96	91	90	71	47
Luxembourg	118	114	222	174	143	150	93	133	108	119	122	154	181	82	96	136	162	163	100	145	115	107	184	153	209	157	147	146	115	76
Malta	81	79	153	120	99	104	64	92	74	82	84	107	125	57	66	94	112	112	69	100	79	74	127	105	144	108	102	101	80	53
Netherlands	103	100	194	152	125	131	81	116	94	104	107	135	158	72	84	119	142	142	87	127	100	94	161	133	182	137	129	128	101	67
Norway	110	106	208	163	134	140	87	124	100	112	114	144	169	77	90	127	152	152	93	135	107	100	172	143	195	146	138	136	108	71
Poland	64	62	121	95	78	82	51	72	59	65	67	84	98	45	52	74	88	89	54	79	62	58	100	83	113	85	80	79	63	41
Portugal	77	75	146	114	94	98	61	87	70	78	80	101	118	54	63	89	106	107	66	95	75	70	121	100	137	103	97	96	76	50
Romania	57	55	107	84	69	72	45	64	52	57	59	74	87	39	46	65	78	78	48	70	55	51	88	73	100	75	71	70	55	37
Slovakia	75	73	142	111	91	96	59	85	69	76	78	99	115	52	61	87	104	104	64	93	73	68	117	97	133	100	94	93	74	49
Slovenia	80	77	151	118	97	102	63	90	73	81	83	105	123	56	65	93	110	111	68	99	78	73	125	104	142	107	100	99	78	52
Spain	81	78	152	119	98	103	64	91	74	82	84	106	124	56	66	93	111	111	68	99	78	73	126	105	143	107	101	100	79	52
Sweden	102	99	193	151	124	130	80	115	93	104	106	134	157	71	83	118	141	141	87	126	99	93	159	132	181	136	128	127	100	66
Switzerland	155	150	292	229	188	197	122	174	141	157	161	203	237	108	126	179	213	214	131	190	150	141	242	201	274	206	193	192	152	100



# 5. CONCLUSIONS

## STANDARD OF LIVING VS TAX RATES IN EUROPEAN COUNTRIES 2020-2024

1

Tax Rates are not the primary driver of Standard of Living and have just a small negative effect on real PP.

2

GDP per capita explains most differences in Standard of Living. Tax Rates are only one of many factors influencing a country's GDP per capita.

3

While high taxes generally reduce PP, productivity, wages, and price levels matter more.

4

The extreme wealth generation and fundamental economic factors that generate high pre-tax income completely overshadow the effect of high Tax Rates.

5

As tax efficiency varies significantly between countries, low-tax countries have good value for money only at home. Abroad their PP reduce substantially.



# 6. RECOMMENDATIONS



STANDARD OF LIVING VS TAX RATES  
IN EUROPEAN COUNTRIES 2020-2024

1

Focus on improving PP, not only reducing taxes. Priority should be overall productivity and income levels.

2

Reduce price pressure in lower-income countries. Improve competition and reduce market concentration to lower cost of living.

3

Target tax reductions where they improve real outcomes. Introduce targeted tax reforms for low-efficiency countries.

4

Protect household income in countries with high tax and low GDP. Prioritize income growth via wages subsidies and improved labor market productivity.

5

Benchmark policies against high-performing countries - social benefits efficiency, labor market flexibility and value of public services.



# THANK YOU

FOR YOUR ATTENTION

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