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Economic Effects of Taxation: Comparative Analysis of Fiscal Models in Selected OECD Countries

ABSTRACT

Taxation is one of the key instruments of fiscal policy, affecting the stability of the economy, the level of investment, and the well-being of society. In this article we analyze the tax systems in selected OECD countries, focusing on their impact on economic growth and international competitiveness. We verify the hypothesis that different taxation models lead to significant differences in economic efficiency and the effectiveness of the fiscal system.

The analysis takes into account liberal and interventionist approaches to tax policy, as well as their impact on social inequality and economic competitiveness. Research results indicate that progressive systems contribute to the reduction of inequalities, but they can pose a challenge to national competitiveness. The article provides conclusions on best practices in the area of tax policy formation, which can be significant guidance for decision-makers and economists dealing with public finance.

KEYWORDS: taxation; fiscal policy; economic growth; OECD; tax models

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INTRODUCTION

Taxation is one of the key instruments of fiscal policy, affecting the stability of the economy, the level of investment, and the well-being of society. In the context of increasing globalization and diversification of economic models, understanding the economic effects of different fiscal systems is essential for shaping effective and sustainable tax policies. This article aims to conduct a comparative analysis of the fiscal models of selected OECD countries, focusing on their impact on economic growth and international competitiveness. Addressing this topic will allow for the identification of best practices and challenges related to taxation, providing valuable guidance for policymakers and public economics researchers.

The article aims to verify the hypothesis that the introduction of different taxation models in selected OECD countries leads to significant differences in the level of economic efficiency, the effectiveness of the fiscal system, and the level of budget revenues, with more progressive models favoring a reduction in social inequality, but potentially posing challenges to economic competitiveness.

The research method used was primarily an analysis of available literature on the subject and an analysis of statistical data related to the following indicators: GDP per capita, Gini coefficient, public expenditure as a percentage of GDP, and unemployment rate.

Tax models in the light of economic thought

Tax systems are the subject of economic disputes that arise from different views on the role of the state in the economy and different economic doctrines. Within the discussion about tax systems, two main currents have emerged: the liberal approach and the interventionist approach.

- Tax liberalism assumes minimal state involvement in the economy, which also includes tax issues. Proponents of this approach argue that the free market best allocates resources, ensuring optimal distribution of goods and services through the natural play of market forces – demand and supply. The state should limit its interference in the tax system, allowing citizens the freedom to manage their own capital and assets.
- Tax interventionism, on the other hand, advocates for an active role of the state in regulating the economy, including shaping tax policy. Proponents of this model argue that a well-designed tax system allows for the redistribution of income and minimization of social inequality, as well as ensuring economic stability by financing public services and investments.

One of the most important issues in the context of taxes is the conflict between public and private interests. Liberalism, whose modern-day followers are neoliberals, emphasizes individual freedom, which also includes tax freedom. Neoliberals argue that everyone should have the opportunity to manage the fruits of their labor and investments, which in the long run contributes to economic development. In contrast, interventionism implies benefits resulting from a fair redistribution of income through a tax system. According to its supporters, properly selected tax rates and fiscal mechanisms can improve the quality of life of society and ensure equal opportunities in access to public goods (Kosek-Wojnar, 2012, pp. 15–16).

The idea of economic freedom has become the foundation of tax concepts based on minimal state interference in the lives of citizens. The key role in this approach was played by Adam Smith's tax thought, whose work *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776) presented four fundamental principles of the tax system:

– the principle of equality (tax justice) – taxation should be proportional to the income of citizens to ensure a fair fiscal burden;

– the principle of certainty – the tax system should be transparent and predictable, so that citizens know exactly when, how much, and under what conditions they must pay taxes;
– the convenience principle – taxes should be collected in a way that is convenient for the taxpayer, so that they do not hinder business or everyday life;
– the principle of cheapness – the costs of collecting taxes should be as low as possible, so as not to generate excessive administrative burdens.

Adam Smith believed that tax justice is achieved through proportional taxation. His concept was based on the idea that each citizen should bear a tax burden commensurate with their income, which was intended to ensure a uniform distribution of the burden without disrupting market mechanisms. Taxes should be simple, low, and as non-intrusive as possible to the market. The main goal is to finance the state with the least possible disruption to the efficiency of the economy (Smith, 1909).

David Ricardo and Jean-Baptiste Say, continuing Smith's thought, opposed high taxation and pointed to the necessity of maintaining tax neutrality. Say considered taxes to be a necessary evil, emphasizing that the tax system should be as simple as possible and as light on the economy as possible. Both advocated for a fair distribution of tax burdens and a reduction in public spending (Zagóra-Jonszta, 2016, p. 414).

Jean-Baptiste Say took a different approach, arguing that only progressive tax is fair. His argument focused on the ethical aspect of redistributing fiscal burdens, considering the tax as a kind of "sacrifice made for the benefit of society and public order". Say emphasized that the tax system should protect the poorest people so that they are not forced to give up their basic needs for fiscal obligations. The law of markets, which Say developed in his theory, assumed complete freedom of action in the economy, which was reflected in his concept of the state budget. He believed that government spending should be as low as possible, because its increase leads to weakening the economy by reducing wages and increasing the interest rate (Kulicki & Sokół, 1995, p. 27).

In the literature on the subject, we find Keynes' and Musgrave's economic thought. They were representatives of Keynesianism. They expressed the opinion that taxes are a fiscal policy tool, and the state can regulate demand in the economy by stimulating it and redistributing income. Higher incomes of individuals are to be taxed at a higher rate for the purpose of income redistribution (Keynes & Musgrave, 1936).

In the monetarist tax thought, whose main representative was Milton Friedman, it was expressed that the tax system should be as simple as possible and additionally support investments. The state should have a limited role in the economy. Representatives of this school stated that there should be one tax rate (so-called flat tax) combined with a minimum amount exempt from taxation (Friedman, 1962).

Representatives of the behavioral school advocated for the inclusion of taxpayers' psychology in tax models. This includes simplifying tax calculation mechanisms, which leads to increased tax payments (Thaler & Sunstein, 2008).

Economists of the Austrian school, on the other hand, criticized solutions with high taxes and state intervention. In their view, taxes are a form of coercion that restricts individual freedom (Mises, 1949).

In the economic thought of the late 20th and early 21st centuries, the tax system is part of the institutional system, i.e. law, culture, institutions. The political structure of a given country affects the effectiveness of tax systems (North, 1990).

Table 1. Various tax models in the context of economic schools.

Economics school	Tax model features	Purpose of the tax system
Classic	Proportional, simple	Efficient, minimal intervention
Keynesianism	Progressive, redistributive	Economic stabilization, redistribution
Monetarist	Linear, simplified	Reduction of the state, support for investments
Behavioral	Simplified, user-friendly	Increased compliance, behavioral change
Austrian	Minimum tax	Individual freedom, government limitation

All models reflect a social approach aimed at ensuring justice and social solidarity. In such a situation, it is necessary to take into account various social elements, such as supporting groups with the lowest incomes, as well as income redistribution. The key elements that indicate a social approach in tax systems are:

– the issue of progressivity, i.e. the presence of elements where tax rates are progressive, meaning that taxpayers with higher incomes pay higher taxes; this solution aims to reduce social inequalities;
– income redistribution, which results in public services such as social welfare and healthcare being financed through taxes;
– applying exemptions to reduce the tax burden on the most needy taxpayers;
– taking into account the taxpayer's ability to pay, i.e. collecting the tax when the taxpayer has the funds to pay it.

It should be noted that the social acceptance of the tax system is important. It depends primarily on the values and expectations of society. Distributive and solidarity models are usually accepted by societies with high levels of inequality and a strong sense of community. On the other hand, fiscal models are usually preferred in more liberal or market-oriented societies. The examples of tax models cited differ in terms of the goals and values they promote. The social aspect of these mechanisms is the most important for ensuring the stability and functioning of the tax system. Modern tax systems combine elements of various models, and their functioning is conditioned by the need for financing provided in the state budget, as well as social justice and economic competitiveness.

Existing tax models in selected OECD countries

Liberal and interventionist approaches form the foundations of modern tax systems, but their application in practice varies from country to country. Moving on to the analysis of selected OECD countries, we will see how fiscal structures are shaped depending on the adopted economic philosophy.

The impact of tax competition on changes in the tax systems of OECD countries can be assessed using statistical grouping methods. In the context of existing tax models – such as progressive, linear, and mixed systems – it is important to determine whether and to what extent countries strive to make their tax structures similar to those of groups with similar characteristics, or if they choose an independent path of fiscal development.

According to the adopted assumption, tax-competing countries, regardless of changes in their systems, should remain in the same collectives – characterized by a similar level of fiscalism and income structure. However, countries that do not strive for convergence with the common standard will move between groups (OECD, 2024, pp. 3–6).

The results of the analysis allow us to distinguish three basic groups of countries:

First group: Progressive model

This group consists of countries with a high level of fiscalism, a large share of income taxes in the structure of budget revenues, and a low importance of indirect taxes. These systems are based on a progressive tax scale, often with multiple tax brackets and additional solidarity levies.

This group currently includes:

– Canada – a highly progressive PIT system (federal and provincial rates that sum up to as much as 50%);
– United States – 7 tax brackets, the highest at 37%, tax wedge increase to 30.3% in 2024 (OECD, 2024);
- Denmark – despite historical shifts, still a progressive system with high marginal rates;
– Ireland and New Zealand – high PIT share, moderate VAT share, confirming the progressive nature.

Tendencies in 2024 indicate that income taxes and extensive progressive systems will remain a high share. These countries have not given up redistribution as a social policy tool.

Second group: Mixed model

These countries combine the features of progressive income taxes with the growing importance of consumption taxes (e.g., VAT, excise taxes). The structure of their systems indicates a compromise between fiscal efficiency and social justice.

This group in 2024–2025 includes, among others:

– Belgium – high share of social security contributions and income taxes, increasing share of VAT (OECD, 2024);
– Italy – moderate progression of PIT, increasing importance of indirect taxes, health insurance reform in 2024;
– South Korea – dual system with flat taxes for companies and progressive PIT, increasing share of VAT;

– Luxembourg, Germany, France – structurally progressive, but with a growing importance of indirect taxes, which transforms them into mixed systems.

It is worth adding that many of these countries have carried out reforms in the last two years, increasing the effectiveness of VAT collection and reducing PIT burdens in the lower brackets – which strengthens the mixed nature of taxation (OECD, 2024, pp. 5–6).

Third group: Linear model

This group consists of countries with a dominant share of indirect taxes and low, often uniform, income taxation – which is typical for linear systems.

In 2024–2025, this group includes:
– Hungary – still a uniform 15% PIT rate; one of the highest VAT shares in revenue (27% base rate);
– Lithuania, Slovakia – simplified PIT systems, dominance of consumption taxation and ZUS contributions;
– Estonia – although it formally differentiates between tax rates, it is based on a uniform PIT rate (20%) and deferred CIT (Estonian model);
– Poland – dual system (PIT thresholds and 19% flat tax option), high VAT and contribution rates – the model is increasingly mixed, but structurally similar to the flat tax.

Data from the *Taxing Wages 2025* report show that the following countries have the lowest tax wedge: Hungary (33.5%) and Lithuania (32.3%), which increases their tax competitiveness (OECD, 2025, pp. 7–14).

Each of the analyzed tax models – progressive, linear, and mixed – has a different impact on key macroeconomic indicators. To better understand their consequences, it is worth looking at how the tax structure affects the rate of GDP growth, employment, and the scale of investments.

THE IMPACT OF TAX STRUCTURES ON THE ECONOMY

The literature suggests that the tax system plays a key role in creating or hindering economic growth. Tax structures can influence the stimulation or limitation of demand. Low tax rates and other tax preferences will encourage economic activity, while high taxes may discourage investment and work. It is also important to consider the impact of tax mechanisms on resource allocation, which can affect the structure of the economy. Additionally, the total amount of taxes can affect the redistribution of income, which means that it is important for social policy. Another important issue is the impact on the country's competitiveness on the international arena. High taxes do not encourage foreign investors to start their business in a given country, while low taxes attract such entities. Finally, the stability and transparency of the tax system increase investor confidence and also help in planning business activities. Otherwise, it may lead to the creation of a gray market and illegal tax evasion (Atkinson & Stiglitz, 1980).

The relationship between taxation and GDP

The tax system is crucial for the functioning of the economy, affecting the rate of GDP growth, employment levels, and the scale of investment. Internal demand, a key factor in economic growth, remains directly dependent on the level of both indirect and direct taxes. An increase in tax burdens reduces citizens' disposable income, which leads to a reduction in consumption and savings, and thus to a decrease in economic growth dynamics. Experience with tax reforms in Finland and the United States shows that a proper reduction in tax rates can lead to an increase in budget revenues and stimulate the economy.

The role of taxes in shaping the labor market and investments
Tax burdens significantly influence the labor market and investment decisions of entrepreneurs. High employment costs, resulting from mandatory contributions and payroll taxes, may limit a company's ability to create new jobs. Employers, wanting to minimize expenses, often decide to hire employees with lower qualifications, which negatively affects the innovativeness and competitiveness of the economy. Reducing income taxes and simplifying tax regulations can encourage entrepreneurs to be more active in investment, which leads to an increase in the number of jobs and better employment conditions. Additionally, lower tax rates reduce the motivation to hide income, limiting the scope of the "grey economy" (Picerno, 2017).

Reducing tax rates and simplifying tax regulations can effectively limit the size of the "grey economy". Lower tax rates reduce the motivation to hide income, and simpler regulations make it harder to avoid taxation through legal loopholes.

Between 1992 and 1997, Finland undertook a tax reform, lowering the corporate income tax rate from 60% to 28%. As a result of this reform, the tax revenue increased more than sixfold. In comparison, during the same period, VAT revenues increased by only 14% (*Finland reduces corporate tax*, 2025).

Currently, in 2025, Finland is planning to further reduce the corporate income tax rate from 20% to 18% to stimulate the economy and attract investments.

In the United States, the tax reform carried out in 1981–1986 led to a reduction in the top income tax rate from 70% to 28%. Despite a significant decrease in rates, the share of the richest taxpayers in total income from income tax increased from 48% in 1981 to 57.2% in 1988 (Tax Policy Center, 2022).

Reducing tax rates and simplifying regulations can lead to:
- reduced motivation to hide income,
- increasing the transparency of the tax system,
- increased budget revenue due to a broader tax base,

– greater participation of wealthier taxpayers in financing the state budget.

Experience in Finland and the United States shows that properly conducted tax reforms can have positive effects on both the economy and public finances.

Taxes and the level of social inequality

Taxes play a key role in shaping the level of social inequality, both through their direct impact on citizens' income and through the redistribution of funds in the form of social transfers. Fiscal mechanisms can both reduce and exacerbate economic differences, depending on their structure and the effectiveness of their implementation.

One of the indicators used to measure income inequality is the Gini coefficient, which illustrates the degree of income concentration in society. Progressive taxes, in which higher-income individuals pay relatively more, often contribute to lowering this indicator by reducing the disparity between the richest and the poorest. On the other hand, a tax system based on flat or regressive rates can lead to the entrenchment of inequality.

The Gini coefficient, which ranges from 0 to 1 (or from 0% to 100%), is the most commonly used measure of inequality. Value 0 means complete equality of income (everyone has the same amount), while 1 means complete inequality (one person has all the income, and the rest have none). The lower the Gini coefficient, the more evenly distributed the income in society.

Taxes and public transfers have a direct impact on the Gini coefficient. Progressive taxes, in which higher-income individuals pay a higher percentage of tax, can effectively reduce inequality. Additionally, social transfers – such as benefits, pensions, and other forms of support – help lower-income individuals, which also reduces the level of inequality.

To illustrate the impact of tax systems and transfers on the level of social inequality, it is worth looking at specific examples, which are presented in Table 2.

Table 2. Changes in the Gini coefficient before and after income redistribution in selected countries.

Country	Gini coefficient (before taxation and transfers)	Gini coefficient (after taxation and transfers)
Sweden	0.46	0.28
Germany	0.51	0.30
Poland	0.46	0.29
United States	0.51	0.39

Note. Compiled from https://ec.europa.eu/eurostat/databrowser/view/ILC_DI12C/default/table?lang=en.

Countries such as Sweden and Germany significantly reduce social inequalities thanks to extensive social transfers and a progressive tax system. Sweden's income redistribution (i.e., social transfers and taxes) level of inequality is 0.46. After applying redistributive mechanisms – such as progressive taxes and social benefits – the Gini coefficient drops to 0.28. This means that the state policy effectively reduces income inequality. In Poland, the redistributive effect is also visible, although it is slightly weaker.

The United States, despite its high income, is characterized by relatively low redistribution, which results in a higher level of inequality after taxation. Before redistribution, the rate is 0.50, and after redistribution it drops to only 0.39. Although there is a decrease in inequality, it is less than in Sweden. This is due, among other things, to a less progressive tax system and lower social transfers.

Taxes and transfers play a key role in shaping the income structure of societies. A properly designed fiscal system can be an effective tool for reducing inequalities and supporting social cohesion.

At the same time, an important element of fiscal policy is social transfers, which include various forms of financial support for people with lower incomes. Programs such as benefits, education subsidies, or social insurance are redistribution tools that can effectively reduce income inequality, influencing the overall social structure and ensuring greater equality of opportunity (Wiśniewska-Kuźma, 2023, pp. 55–57). Social transfers (e.g., family allowances, pensions, social assistance) are another important tool that affects the level of inequality. In combination with taxes, they create the so-called net effect of income redistribution. Systems that effectively combine progressive taxation with effective cash transfers to lower-income groups can significantly reduce social inequality and improve social cohesion (Wiatrowski, 2018, pp. 77–80).

Direct taxes (especially progressive income tax) have the greatest potential to reduce inequality. Meanwhile, indirect taxes, such as VAT or excise duties, are often regressive – i.e., they constitute a greater relative burden for people with lower incomes. A high share of indirect taxes in the system can therefore exacerbate inequalities, unless they are accompanied by appropriate compensation in the form of social benefits.

Not every redistribution brings the expected results. In some countries, despite high taxation, inequality remains high due to ineffective allocation of resources, legal loopholes, or lack of adequate transfers to the most needy groups. The effectiveness of redistribution depends not only on the size of taxes, but also on the structure of the tax system and the quality of public institutions.

Different tax strategies have significant consequences for the social structure. In countries with highly progressive tax systems, there is a lower level of inequality, which promotes greater social integration, economic stability, and better living conditions for broad groups of citizens (Czerny, 2014, pp. 20–21).

On the other hand, countries with low taxes for the wealthy often struggle with high levels of inequality, which can lead to a number of negative phenomena, such as social exclusion, limited development opportunities for people with lower incomes, and increasing social tensions.

Fiscal policy, through its tax structure and social transfer systems, plays a key role in shaping the level of social inequality. Properly designed redistribution mechanisms can lead to a more equitable distribution of income, increasing the chances of economic development and social stability.

Although tax systems have a significant impact on the level of inequality, their fiscal effectiveness is equally important – the ability to provide stable budget revenues at minimal administrative costs (Dean & Hogg, 2022). In the next part of the article, we will compare different forms of taxation in terms of stability and ability to respond to economic crises.

THE FISCAL EFFICIENCY OF VARIOUS TAXES

Fiscal efficiency refers to the ability of the tax system to generate stable budget revenues at minimal administrative and economic costs. In this context, key aspects are the ability of taxes to ensure long-term financial stability of the state, their resilience to economic crises, and flexibility in adapting to changing macroeconomic conditions (Wojciechowska-Toruńska, 2018, p. 8).

Tax systems differ in terms of the stability of income, which is crucial for financing public expenditures.

- Income taxes – in progressive systems, tax revenues may significantly decrease during recessions due to the reduction in household and business incomes.

- Consumption taxes (VAT, excise tax) – they are usually more stable because consumption is less susceptible to economic fluctuations than income.
- Wealth taxes – they provide stable income but may be less flexible in adapting to short-term economic changes.

The effectiveness of taxes in the face of economic crises depends on their structure and adaptability.

- Flexibility of the tax system – countries with greater fiscal flexibility can more quickly adjust tax structures to stimulate the economy.
- Progressive taxes – they can act as stabilizers of the economy, reducing inequalities during a crisis, but their decrease can weaken public sector financing.
- Indirect taxes – they are not subject to such large fluctuations, but their increase during a crisis may lead to a reduction in demand (Dziemianowicz & Przygodzka, 2007, p. 10).

An analysis of selected OECD countries shows differences in the fiscal efficiency of their tax systems:

– the Scandinavian model (high progressive taxes, extensive social transfers) – stability of tax revenues, but higher risk of tax burden during a crisis;
– the liberal model (e.g., USA, Canada – lower taxes, more autonomy for taxpayers) – flexibility of income taxes, but greater susceptibility of the budget to economic fluctuations;
– the mixed model (e.g., Germany, France): moderate tax progression, high income stability, and balance between fiscal flexibility and social security (OECD, 2023).

The fiscal efficiency of the tax system depends on its ability to provide stable budget revenues and respond to economic crises. Progressive taxes can serve a stabilizing function, but they are vulnerable to cyclical fluctuations. Indirect taxes provide greater stability, although their impact on consumption requires careful management. Each country adjusts its fiscal system to its macroeconomic and social conditions, trying to find an optimal balance between income and economic effects. In OECD countries, various fiscal models are used reflecting economic policy priorities and social conditions (Raczkowski, 2016, pp. 72–73).

A COMPARISON OF FISCAL MODELS IN SELECTED OECD COUNTRIES

Tax systems play a key role in shaping national economies, affecting both GDP growth, employment levels, and social inequalities. Among OECD countries, there are three main fiscal models: progressive, mixed, and linear, which differ in the way income is taxed, the structure of indirect taxes, and the scope of redistribution. This subsection will present a comparative analysis of selected countries, showing their approach to fiscal policy and the effects resulting from the tax solutions applied.

The impact of tax systems on the economy is not limited to the amount of budget revenues; it also has a significant impact on the country's competitiveness, the level of investment, and the stability of the labor market. Countries that use progressive taxation often demonstrate a greater ability to redistribute income, which reduces social inequality. In turn, systems based on uniform taxation and the dominance of indirect taxes may be more fiscally efficient, but at the same time lead to a greater burden on lower-income groups.

Additionally, the level and structure of taxes affect the investment attractiveness of a given country. Lower CIT rates may attract entrepreneurs and international corporations, which is conducive to economic growth, but at the same time may put pressure on the state budget if tax revenues do not compensate for the lost income. For example, Hungary has one of the lowest CIT rates in the OECD (9%), which makes the country attractive to investors. However, Scandinavian countries such as Sweden, despite high income taxes, attract investments due to economic stability and high quality of public services (Weigel & Bunn, 2024).

In recent years, OECD countries have implemented numerous tax reforms, adapting their systems to changing economic and social realities. Among the main trends, one can distinguish lowering income tax rates, increasing the importance of consumption taxes, and changes in taxation of technology companies. For example, Finland plans to reduce the corporate income tax from 20% to 18% in 2025 to stimulate investment, and in many European countries, there is an increase in the share of VAT in budget revenues (OECD, 2023).

Tax structure affects the level of innovation and the development of entrepreneurship. Countries with high income taxation may discourage the establishment of companies, while preferential rates for start-ups may support the development of new technologies. Estonia, which uses the so-called Estonian model, which involves postponing corporate income tax until the payment of profits, has become one of the European leaders in the number of newly established companies.

Tax systems differ in their ability to counteract the effects of economic crises. Progressive taxes can act as stabilizers of the economy, reducing inequalities during recessions, but their decline can weaken public sector financing. Consumption taxes are more resistant to economic fluctuations, but raising them during a crisis can lead to a decrease in demand. An analysis of selected OECD countries makes evident differences in the fiscal effectiveness of their tax systems. The Scandinavian model, represented by Sweden, for example, is characterized by stable tax revenues, but at the same time high tax burdens, which can be difficult to maintain during times of crisis. The liberal model used in the USA and Canada provides more flexibility in income taxes, but makes the budget more susceptible to economic fluctuations. Meanwhile, countries that use a mixed model, such as Germany and France, ensure a balance between tax progression and income stability.

Globalization is changing the way tax policy is shaped. International changes, such as the new OECD regulations on minimum corporate taxation, affect national fiscal systems. Countries are adapting their regulations to avoid capital outflow while maintaining tax competitiveness. Furthermore, digitalization of the economy leads to new challenges, such as taxation of online transactions and digital activities (Szczepaniak, 2016, pp. 10–11).

To provide a fuller picture of these relationships, Table 3, comparing selected countries in terms of their tax models and macroeconomic indicators, will be presented later in this section. The relevant countries were chosen based on their representativeness for different types of fiscal systems, and their significance for the international discussion on the effectiveness of tax policy. The justification for the selection is based on factors such as tax structure, impact on social inequality, and economic stability, which allows for a broader look at the various strategies used within the OECD.

The analysis of the table shows that countries that impose high progressive taxation of personal income tax within an extensive redistribution system (e.g., Sweden, Denmark, and Germany) have a low Gini coefficient (0.25–0.28). In these particular countries, the application of a progressive income tax system, combined with high public spending, led to an effective reduction of income inequality. Analyzing the case of these countries shows that there is greater cohesion within the economy. There is a more stable demand while there are higher public-law charges for labor and capital.

Countries with lower progression include the USA and Japan. This, of course, affects the smaller redistribution. A Gini index of 0.296 to 0.318 shows that there are greater income differences. Notable is the high level of GDP per capita, which shows a better economic effect. This means that there is a greater motivation to work or invest. However, there may be situations where the benefits of economic growth are not evenly distributed.

Table 3. Fiscal models in selected OECD countries (2023).

	Country	Tax system model (PIT, CIT)	GDP per capita (USD)	Gini coefficient	Public expenditure (% of GDP)	Unemployment rate (%)
1	United States	Progressive income tax, corporate income tax with preferences for corporations	74,000	0.318	34	3.5
2	Germany	Progressive income tax, corporate income tax with investment deductions	56,000	0.280	38	3.0
3	France	Progressive income tax, corporate income tax with different rates depending on the size of the company	43,000	0.318	45	7.5
4	Denmark	Highly progressive personal income tax, corporate income tax with preferences for small businesses	73,000	0.250	43	4.5
5	Australia	Progressive income tax, corporate income tax with investment deductions	62,000	0.250	29	3.7
6	Canada	Progressive income tax, corporate income tax with deductions for small businesses	52,000	0.286	35	5.0
7	United Kingdom	Progressive income tax, corporate tax with preferences for small businesses	47,000	0.246	35	4.0
8	Japan	Progressive income tax, corporate income tax with investment deductions	39,000	0.296	34	2.5
9	Sweden	Highly progressive PIT, CIT with preferences for innovation	58,000	0.250	43	7.0

Note. Compiled from https://www.theglobaleconomy.com/economies.

With regard to the level of public expenditure, which is noticeable in France, Denmark and Sweden at 43–45% of GDP, it can be pointed out that it finances a broad range of public services, such as pensions, health care or education. In the perspective of several years, the quality of life is improving and human capital is growing, which should be considered a positive aspect. There are also negative consequences related to fiscal pressure, which will undoubtedly be visible in the phenomenon of capital flight and the development of the gray market due to high taxes. In other countries, i.e. in Australia and the United States, which are characterized by low public expenditures of 29–34% of GDP, there will be less social assistance, which may lead to the risk of marginalization of part of society. Lower expenses will make investments more competitive, which should be seen as a positive aspect.

The impact of taxes on the economy is diverse, as can be seen in the data on taxation and unemployment rates. Japan and Germany are good examples, with unemployment rates of 2.5% and 3%, respectively. They enjoy a high level of economic development and very low unemployment despite significant differences in the level of redistribution. In France and Sweden, despite high public expenditure, high unemployment is recorded, 7% and 7.5%, respectively. It can be concluded that there is no clear correlation between the level of taxation and unemployment, as the key role is played by the flexibility of the labor market and the regulations in place there.

Data analysis shows that Scandinavian countries (Denmark and Sweden) have a relative balance between social justice and economic efficiency, which can be achieved through a clear tax system and trust in it. Further analysis shows that the American model relies on low taxes, but at the cost of greater inequality.

CONCLUSIONS

The results of our analysis confirm that the introduction of different taxation models in selected OECD countries indeed leads to significant differences in the level of economic efficiency, the efficiency of the fiscal system, and the level of budget revenues. The analyzed data indicate that models with a higher degree of progression favor the reduction of social inequalities, which confirms their beneficial impact on social justice. During the analysis, it was found that these solutions may pose challenges to the competitiveness of the economy, which suggests the need to balance social and economic goals when designing tax systems. The analysis therefore indicates that the diversity of taxation models has a significant impact on key aspects of the functioning of the economies of OECD countries.

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