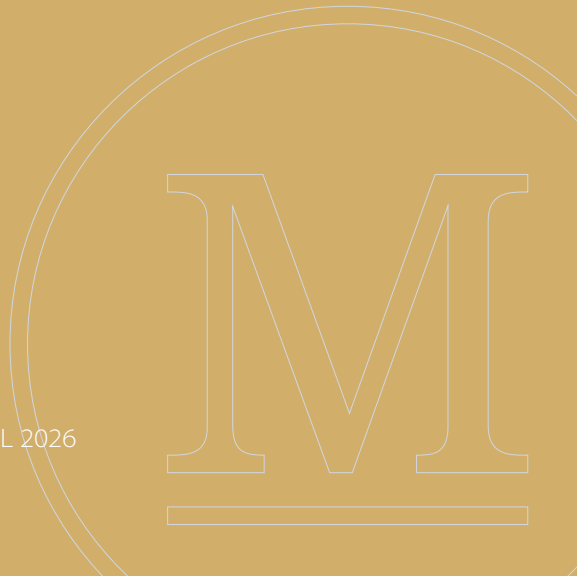


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# European Production Tax Barometer 2026

EXCLUSIVE INSIGHTS - APRIL 2026




Institut Montaigne is a leading independent think tank based in Paris. Our pragmatic research and ideas aim to help governments, industry and societies to adapt to our complex world. Institut Montaigne's publications and events focus on major economic, societal, technological, environmental and geopolitical changes. We aim to serve the public interest through instructive analysis on French and European public policies and by providing an open and safe space for rigorous policy debate.

EXCLUSIVE INSIGHTS - April 2026

# European Production Tax Barometer 2026



*Exclusive insights are territorial experiments, estimates, and one-off initiatives designed to decode and enrich the pivotal moments of our democratic life.*



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To understand the world in which we operate

**Policy Paper**

To provide practical recommendations

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To break down the key challenges facing societies

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<b>About the Barometer</b> .....	8
----------------------------------	---

<b>Introduction</b> .....	9
---------------------------	---

## 1

<b>Analysis of the Barometer Results for 2024</b> .....	11
---	----

<b>1.1. Production Taxes Against the Backdrop of Deteriorating National Economic Conditions</b> .....	11
---	----

<b>1.2. The Weight of Production Taxes Is Declining Across the Continent</b> .....	17
--	----

<b>1.3. In France, an Illusory Reduction in Production Taxes</b> .....	22
--	----

## 2

<b>Production Tax Levels by Country</b> .....	31
---	----

<b>France</b> .....	31
---------------------	----

<b>Other European Countries</b> .....	33
---------------------------------------	----

Germany .....	33
---------------	----

Austria .....	35
---------------	----

Belgium .....	36
---------------	----

Denmark .....	37
---------------	----

Spain .....	39
-------------	----

Italy .....	40
Netherlands .....	41
Poland .....	42
Portugal .....	44
Czech Republic .....	45
Romania .....	46
Sweden .....	48
Switzerland .....	49
<b>Glossary</b> .....	60
<b>Methodological Appendix</b> .....	59
Scope .....	60
Building the Indicator .....	60
Methodological Note .....	61
<b>Acknowledgments</b> .....	62

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## Work Team

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For this fifth edition of the European Production Tax Barometer, Institut Montaigne renewed its collaboration with Forvis Mazars. Their tax experts provided a harmonized legal approach to production taxes by leveraging their international network, based in each of the fourteen countries included in the study.

Therefore, Institut Montaigne would like to thank the following individuals, who coordinated the technical project, for their valuable contributions:

- **Élena Aubrée**, partner at Forvis Mazars Avocats
- **Fabrice Adou**, attorney at Forvis Mazars Avocats

Institut Montaigne, in partnership with Forvis Mazars, is pleased to publish the results of its *European Production Tax Barometer* for the fifth consecutive year. Since its launch in 2020, in the wake of the recovery following the pandemic, this tool has aimed to provide an objective assessment of trends in the taxation of the productive sector in France and across Europe. The 2026 edition is based on consolidated data from the 2024 fiscal year. This statistical lag—resulting from Eurostat data being published on an N–2 basis—is necessary to ensure a rigorous and consistent comparison among the various national trajectories.

This barometer tracks the tax reduction efforts—as well as the policy reversals—undertaken in recent years while comparing them against the dynamics among European counterparts. In the context of growing industrial competition, taxation on the factors of production—regardless of corporate profitability—remains a critical lever. By weighing directly on payroll, land and real estate, or equipment, these levies act as major determinants of where businesses locate their operations and of the financial flexibility they need to innovate and move upmarket.

The findings of this 2026 edition—which are based on data from 2024—highlight persistent disparities among many European countries. While common trends are emerging, tax structures remain deeply dependent on national political trade-offs. Beyond the numbers, these differences reveal divergent collective preferences. Some models, such as Sweden's, choose to fund a significant portion of social protection through production taxes to ensure stable and predictable public resources. Conversely, other countries favor taxation on profits, accepting greater sensitivity to economic cycles in order to preserve businesses' immediate investment capacity.

In France, as in Europe, the predictability of fiscal trajectories determines the competitiveness and sovereignty of our economies. Without a sustainable reduction in the tax burden on production, our economies risk being eroded by other economic powers—some mature, others emerging—that have increasingly aggressive support policies. This barometer thus provides the insights necessary to understand how each country navigates the trade-off between the need to finance government action and the imperative of industrial competitiveness.

# 1 Analysis of the Barometer Results for 2024

## 1.1. PRODUCTION TAXES AGAINST THE BACKDROP OF DETERIORATING NATIONAL ECONOMIC CONDITIONS

The term “production taxes” refers to levies imposed on businesses regardless of whether they are profitable. They directly tax the factors used in the production process, such as payroll or the ownership of land, buildings, or specific equipment. Thus, whereas corporate income tax is payable only by profitable firms, production taxes apply independently of ultimate financial results.

This aspect of production taxes explains why they can erode corporate profitability and penalize low-margin companies or those in financial distress. However, this characteristic also makes production taxes a way of ensuring stable tax revenues, having businesses contribute to the funding of services and infrastructure from which they or their employees benefit, and basing certain revenues on tax bases less susceptible to tax optimization strategies.

Over the past two years, the political and budgetary climate has tended to sideline the debate on production tax levels. Sluggish growth in the eurozone (0.9 percent in 2024<sup>1</sup>) and the cost of geopolitical uncertainty have made any tax cuts difficult to achieve without offsetting reductions in spending.

<sup>1</sup> As of 2024, expected growth was 1.5 percent in 2025 and 1.8 percent in 2026 (European Commission, *European Economic Forecast. Autumn 2024, November 2024*).

In the case of France, the weakened state of public finances compounds these unfavorable factors. In 2025, the public deficit reached 5.1 percent of GDP, and debt climbed to 117.4 percent. Within weeks of each other, Standard & Poor's and Fitch downgraded France's sovereign rating, highlighting the uncertainty surrounding its budgetary trajectory.

This situation tends to focus attention on fiscal adjustment measures—notably through revenue increases—rather than on tax relief. The current context thus appears unfavorable for continuing the reduction efforts undertaken since 2019—efforts that have nonetheless proved insufficient to reverse or even mitigate France's outlier status as a country with one of the highest production tax burdens in Europe.

### Legislative Developments in Production Taxes Since 2019

- In 2019, the PACTE Act<sup>2</sup> took a first step toward relief by eliminating the *forfait social* (a specific social tax paid by the employer) on *intéressement* (performance-related profit-sharing schemes) in companies with fewer than 250 employees, as well as on statutory profit-sharing and employer-matching contributions in those with fewer than 50.

<sup>2</sup> Act of May 22, 2019, on Business Growth and Transformation.

- However, the real turning point came in 2021 with the France Relance (recovery) plan. This introduced a substantial cut in production taxes by halving the maximum rate of the *cotisation sur la valeur ajoutée des entreprises* (CVAE, contribution on business value added), from 1.5 percent to 0.75 percent, reducing the revenue it raised from approximately €15 billion to €7.5 billion as of 2021. Concurrently, the cap on the *contribution économique territoriale* (CET, territorial economic contribution) was lowered, and the assessed rental value of industrial facilities was reduced by half.
- At the end of 2022, parliament established the principle of completely abolishing the CVAE. Initially planned for the near term, this abolition was subsequently postponed to January 1, 2030.
- At the same time, several other levies followed an upward trend. The *taxe générale sur les activités polluantes* (TGAP, general tax on polluting activities) has increased regularly since 2019, particularly its waste component, with landfill rates rising by 160 percent between 2020 and 2025. The *versement mobilité* (VM, mobility levy) also grew, driven by an expanded scope and higher rates. Similarly, in 2026, the employer's contribution rate on *rupture conventionnelle* payments (consensual contract termination indemnities) and employer-initiated retirement payments was raised from 30 percent to 40 percent.

**The most telling example of this rising tension between deteriorating public finances and the objective of cutting production taxes concerns the largest of them: the CVAE,<sup>3</sup> which generated nearly €15 billion annually before its first reduction in 2021. Initially scheduled for 2024,<sup>4</sup> then pushed back to 2027,<sup>5</sup> the final elimination of the CVAE is now set for 2030.<sup>6</sup> In the meantime, an additional contribution has been introduced since 2025 to neutralize the effects of the originally planned rate cuts, which are now effectively frozen.<sup>7</sup> This sequence demonstrates that **production taxes—and, more broadly, levies on businesses—continue to serve as a budgetary adjustment variable.****

**Furthermore, we should also recall that other levies classified as production taxes continue to weigh on the overall burden.** Thus, even once the CVAE is abolished, the gap between France and some of its European partners—notably Germany—will continue to represent between 1 and 2 percentage points of GDP.

**These reversals also illustrate the instability of French tax policy.** Even when a tax abolition is announced, the timeframe set extends beyond the 2027 presidential—and potentially legislative—elections, perpetuating uncertainty for businesses and potentially adversely affecting their investment decisions.

<sup>3</sup> This was also the case with the *contribution sociale de solidarité des sociétés* (C3S, corporate social solidarity contribution), which was based in part on revenue; its elimination, which had been initiated following two consecutive reductions in 2015 and 2016, was ultimately suspended in 2017.

<sup>4</sup> Section 55 of the 2023 Finance Act.

<sup>5</sup> Section 79 of the 2024 Finance Act.

<sup>6</sup> Section 15 of the 2025 Finance Act.

<sup>7</sup> This additional contribution, which amounts to 47.4 percent of the total CVAE due, is intended to offset the rate reduction in 2025.

## The Economic Impact of Production Taxes: What Does the Debate Say?

Numerous theoretical studies have demonstrated the negative impact of production taxes on economic activity. A study by France Stratégie notes that if France were to align its production tax levels with those of Germany, the probability of a foreign company locating a production site in France would increase by approximately 25 percent.<sup>8</sup>

In its briefing “Taxes on Production: The Good, the Bad and the Ugly,”<sup>9</sup> the Council of Economic Analysis (CAE) estimates that production taxes create distortions that directly influence corporate decision-making and undermine competitiveness. While the *cotisation foncière des entreprises* (CFE, business property contribution) does not create major distortions, the brief recommends the abolition of the CVAE and the *contribution sociale de solidarité des sociétés* (C3S, corporate social solidarity contribution). The latter, based on a company’s turnover, is considered particularly “harmful” by the CAE, as it can reduce exports by nearly 1 percent.

<sup>8</sup> Based on 2018 data. However, the difference in production taxes between France and Germany reported in this barometer is still greater than the difference used as the basis for this estimate. See Aymeric Lachaux and Rémi Lallement, “Les facteurs de localisation des investissements directs étrangers en Europe Le cas des sites de production, d’innovation et des sièges sociaux” [The factors behind the location of foreign direct investment in Europe: the case of production, innovation, and headquarters sites], France Stratégie, 2020.

<sup>9</sup> Philippe Martin and Alain Trannoy, “Taxes on Production: The Good, the Bad and the Ugly,” Council of Economic Analysis (CAE), Notes du CAE, no. 53, June 2019.

However, in an October 2025 report, the Institute for Public Policy qualifies these analyses.<sup>10</sup> In assessing the effects of the reduction in the CET since 2021 as part of the France Relance plan, the Institute notes the lack of significant effects of these tax cuts on business economic activity, though with few clear empirical findings, particularly regarding the macroeconomic impact beyond large industrial firms.

Furthermore, these results must be weighed against the impact of such reforms on public finances. In this regard, the Council of Mandatory Levies (an advisory body attached to the French Court of Auditors) notes that these taxes constitute significant revenue sources for social security agencies and local governments.<sup>11</sup>

More broadly, some economists are calling for a reform of production taxes in favor of “green taxation” to ensure the sustainability of tax revenues, particularly for local governments, while steering corporate behavior toward more environmentally friendly production methods.

<sup>10</sup> Laurent Bach, Paul-Emmanuel Chouc, Étienne Fize, Arthur Guillouzouic, Clément Malgouyres, and Paul Dutronc-Postel, “La baisse des impôts de production ciblage et évaluation” [The reduction of production taxes: Targeting and evaluation], Institute for Public Policy, report no. 60, 2025.

<sup>11</sup> Council of Mandatory Levies, *Adapter la fiscalité des entreprises à une économie mondiale numérisée* [Adapting business taxation to a digitalized global economy], 2020.

## 1.2. THE WEIGHT OF PRODUCTION TAXES IS DECLINING ACROSS THE CONTINENT

**This new edition of the barometer highlights a general downward trend in the weight of production taxes across Europe.** However, this overall decline should not obscure upward trends in certain countries. In 2024, the average for the countries studied stood at approximately 2.2 percent of GDP, compared to a slightly higher level of 2.41 percent in the previous edition. Among the fourteen countries analyzed, the majority recorded a relative decrease in their production tax burden, reflecting tax revenue growth that lagged behind GDP growth. This decline was particularly pronounced in Denmark (-11.96 percent), Poland (-11.33 percent), Portugal (-9.37 percent), Germany (-8.49 percent), and Spain (-8.15 percent). As mentioned already, France was also part of this trend, with a 6.5 percent decline—though this actually masks cyclical dynamics that are largely independent of policy choices.

Conversely, several countries saw an increase—sometimes significant—in the weight of their production taxes relative to GDP. This rise was particularly notable in the Czech Republic<sup>12</sup> (+32.02 percent) and Switzerland (+12.02 percent). More moderate increases were observed in Austria (+3.19 percent), Italy (+1.89 percent), and Romania (+1.04 percent). Sweden, which remains by far the country with the highest level of production taxation (10.06 percent of GDP), remained stable.

In our previous edition, we hypothesized that bank contributions to the Single Resolution Fund (SRF) had played a role in the slight decline observed. **However, this effect is waning—as the fund reached its target level by the end of 2023,<sup>13</sup> calls for contributions have now stabilized.**

<sup>12</sup> *The Czech Republic has the lowest tax burden on production among the countries studied (0.33 percent of GDP), making it particularly vulnerable to potential year-over-year fluctuations in revenue or changes in legislation.*

<sup>13</sup> *Single Resolution Board, “Single Resolution Fund: No Expected Contribution in 2024 as Target Level Reached,” February 15, 2024.*

**Another hypothesis to explain the decline in the share of production taxes lies in a macroeconomic normalization effect following the inflationary shocks of previous years.** In 2024, nominal GDP growth in several European economies, driven by still-high price levels despite a slowdown in inflation, helped automatically reduce the relative weight of certain taxes based on less dynamic tax bases.<sup>14</sup> In this respect, the average decline at the European level could be explained, just as in France, more by cyclical factors and statistical effects than by genuine policy convergence among Member States or deliberate national policies.

**This denominator effect was further amplified by changes in specific tax bases.** In several countries, revenues from energy-related taxes or exceptional measures implemented in response to the energy crisis receded in 2024, in line with the drop in gas and electricity prices following the peaks observed in 2022-23.<sup>15</sup> At the European level, the emissions trading system continued to be rolled out in 2024. Following the adoption of the Fit for 55<sup>16</sup> package, the system now covers 40 percent of emissions from the maritime sector, thereby affecting revenue from carbon allowances in countries with major port facilities such as the Netherlands and Belgium. That said, the annual reduction in the overall emissions cap had a lesser effect this year, having been partially offset by a drop in the price of allowances in 2024 following the peak reached in 2023.

<sup>14</sup> European Commission, *European Economic Forecast. Autumn 2024*.

<sup>15</sup> International Energy Agency. (2024). *Energy Market Report 2024*.

<sup>16</sup> Council of the European Union, “Fit for 55 package: Council reaches general approaches relating to emissions reductions and their social impacts”, June 2022.

Finally, the inclusion of Romania in this barometer—which, like many eastern European countries, has very low production taxes—induced a drop in the barometer’s average, although this factor alone does not fully account for the overall downward trend. When Romania is excluded and the same scope as last year—covering thirteen countries—is maintained, the average level of production taxation stands at 2.36 percent, compared to 2.43 percent last year.

### Why Add Romania to the Barometer’s Scope?

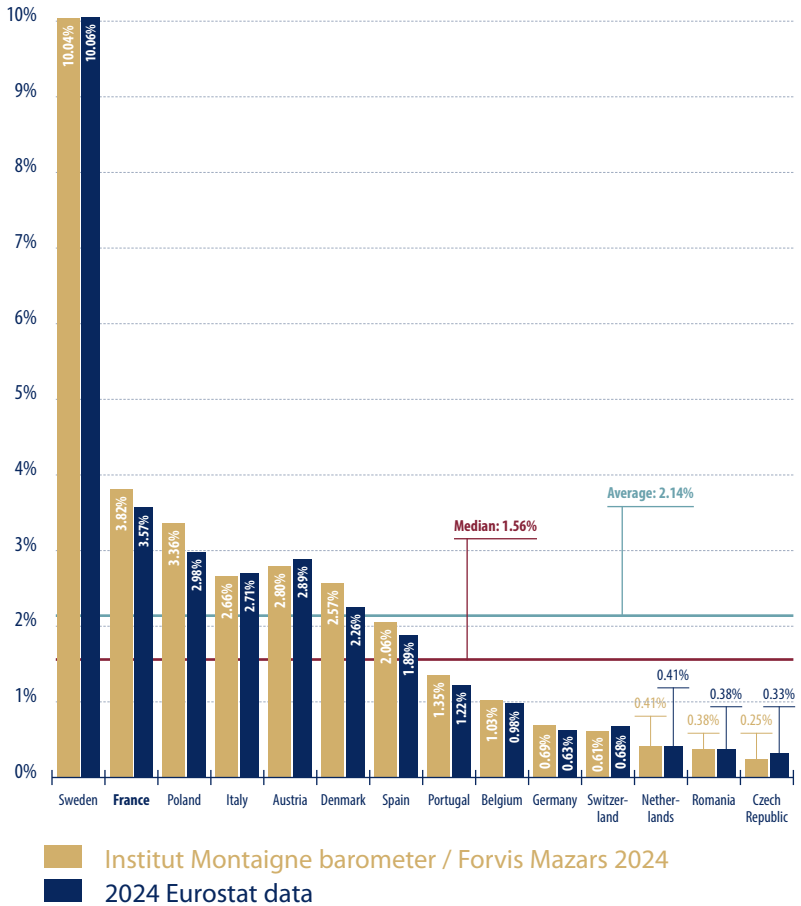
Romania made its debut in this fifth edition of the barometer, following the addition of the Czech Republic last year. Its inclusion is justified by a strong industrial tradition, particularly in the automotive, construction, and energy sectors. It is also a country deeply integrated into the European market, with 72.3 percent of its trade occurring within the EU.<sup>17</sup>

With two decades of sustained growth, Romania is the country that has converged most rapidly toward European standards, with a GDP per capita of nearly 80 percent of the European average in purchasing power terms in 2024, compared to 40 percent in 2006.<sup>18</sup> Overall, despite cyclical weaknesses linked to price instability, Romania remains an investment-friendly economy with strong growth potential, and an analysis of its production taxes allows for more informed comparisons at the European level.

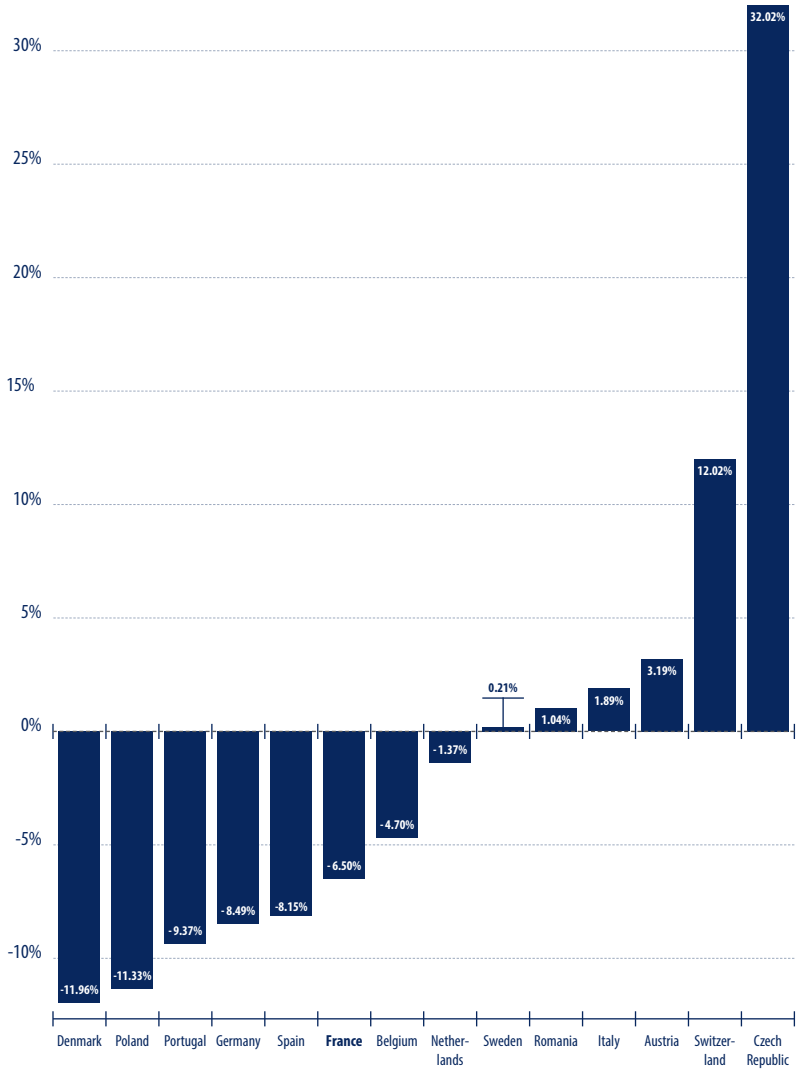
<sup>17</sup> French Ministry of Economy and Finance, “Commerce extérieur de la Roumanie” [Romania’s foreign trade], 2023.

<sup>18</sup> French Ministry of Economy and Finance, “Roumanie: Indicateurs et conjoncture économique” [Romania: Economic indicators and outlook], 2025.

## Share of Production Taxes Relative to GDP by Country (2024)



### Evolution of weight production taxes in percentage points of GDP 2023-2024

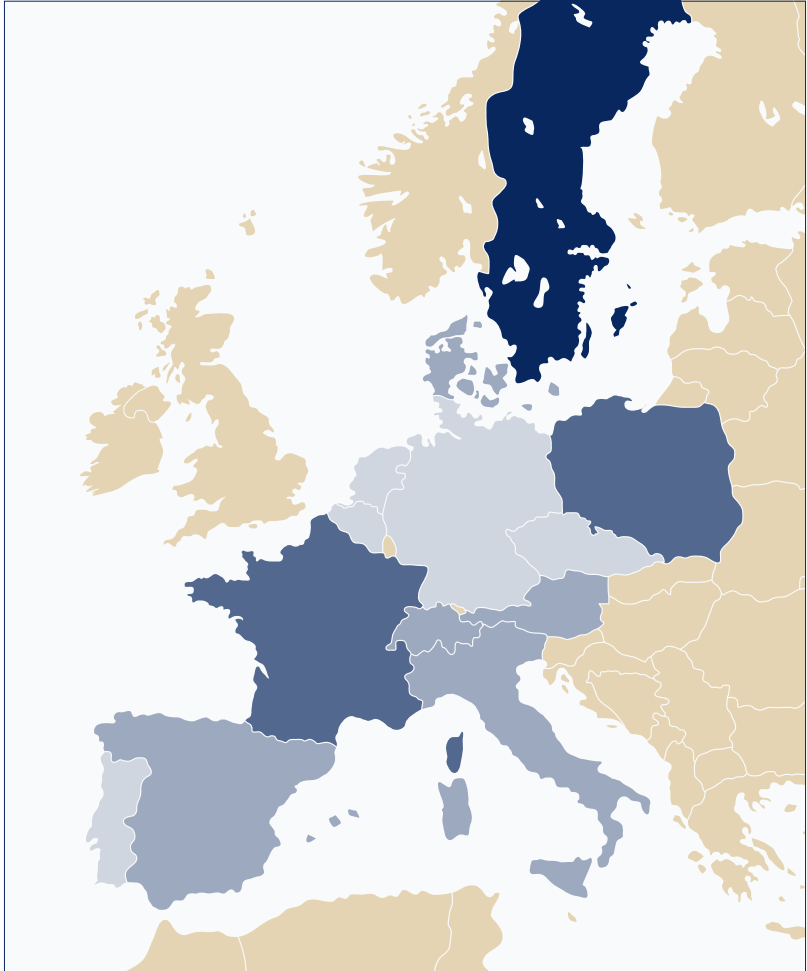


### 1.3. IN FRANCE, AN ILLUSORY REDUCTION IN PRODUCTION TAXES

**In the fifth edition of our barometer, France retains second place in terms of the share of production taxes in GDP, behind Sweden.** As in previous years, this ranking stems from the specific features of the tax system in Sweden, where production taxes finance a large portion of social protection, resulting in significant taxation on the wage bill. In France, this role is primarily fulfilled by social security contributions.

**The share of production taxes in France thus stands at 3.57 percent of GDP in 2024, compared to 3.82 percent in 2023.** The French figure is three times higher than the median of the thirteen other countries in the study, which stands at 1.2 percent. France also remains in the lead in absolute terms, with revenue from production taxes reaching €104 billion. By way of comparison, Italy—whose per capita GDP recently surpassed that of France—recorded €60 billion; **in Germany, revenue from production taxes is less than a quarter of that of France, despite a GDP that is 1.5 times larger.**

Production tax revenue as a share of GDP,  
by country (2024, as a Percentage of GDP)

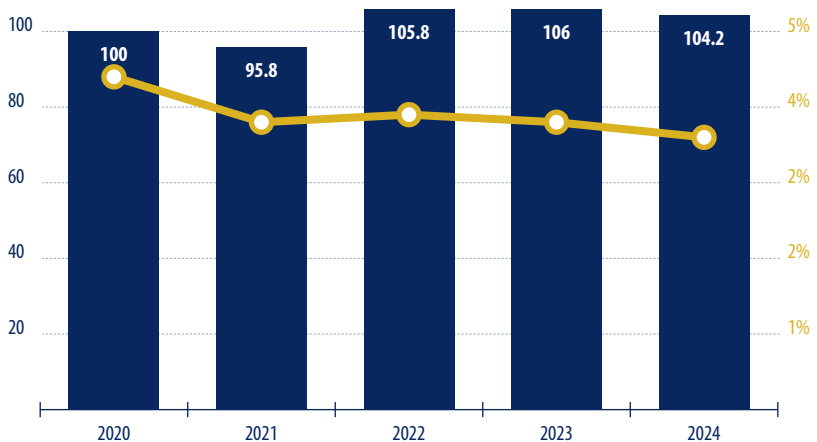


- Between 0 and 2%
- Between 2 and 3%
- Between 3 and 4%
- More than 4%

**The share of production taxes in France nevertheless shows the largest decline in the last three editions of the barometer, with a drop of 6.5 percent (from 3.82 percent in 2023 to 3.57 percent of GDP in 2024). The year 2024 thus marks a return to the downward trajectory in production taxes declared as an explicit goal since 2020.**

This ambition, which was translated into action through the exceptional measures of the recovery plan,<sup>19</sup> had led to a very marked decrease in the level of production taxes in 2021 (from 4.4 percent to 3.8 percent of GDP). This initial shift, however, gave way to stagnation over the past three years, as highlighted in recent editions of the Institut Montaigne barometer.

Trends in France's production tax burden since 2020



- Amount of production taxes in €bn (left-hand scale)
- Amount as a percentage of GDP (right-hand scale)

<sup>19</sup> A 50 percent reduction in the cotisation sur la valeur ajoutée des entreprises (CVAE, contribution on business value added) and in the assessed rental values of industrial premises used as the basis for property tax and the cotisation foncière des entreprises (CFE, business property contribution); a reduction in the cap on the contribution économique territoriale (CET, territorial economic contribution) from 3 percent to 2 percent.

**The sharp decline observed in 2024 should, however, be interpreted with caution—it is largely due to sector-specific or cyclical factors.**

**First and foremost, the majority of the decline observed in 2024 stems from a very specific factor:** the cessation of bank contributions to the Single Resolution Fund (SRF). Established gradually since 2016 as part of the Banking Union, this fund is designed to enable the rescue of a failing bank without burdening public finances with the cost. Its financing relies on annual contributions from banks, calculated based on the size of their deposits and their risk profile. However, the fund reached its target level at the end of 2023,<sup>20</sup> which has led to a decline in contributions paid by banks.

This decline, which is widespread across Europe,<sup>21</sup> is particularly pronounced in France, where large banks contributed significantly to the fund due to their systemically important status. The decline thus amounts to approximately €4 billion, the largest drop among the countries studied. In other words, a decisive portion of the decline recorded in 2024 stems from a very specific sector—banks—and not from a general decline in production taxes affecting all productive enterprises.

**The second component of the observed decline in production taxes in France stems from a factor whose permanence is far from guaranteed:** the reduction in the CVAE. Following a further decrease in its rate,<sup>22</sup> its revenue fell by €1.3 billion in 2024—after having already decreased by nearly €4 billion the previous year. This downward trajectory is not, however, sustainable. The reductions planned for 2025 and 2026 were thus canceled following the introduction of an exceptional additional contribution. More importantly, parliament has once again

<sup>20</sup> *Outstanding amounts equivalent to 1 percent of the covered deposits of credit institutions in participating Member States.*

<sup>21</sup> *With a few exceptions, such as Poland.*

<sup>22</sup> *The maximum rate has been reduced from 0.375 percent to 0.28 percent in 2024. See: Law No. 2023-1322 of December 29, 2023, on the 2024 Budget, Article 79.*

postponed the complete elimination of the CVAE: initially announced for 2024,<sup>23</sup> it has now been postponed to January 2030, after the presidential election.

**Overall, the decline observed in 2024 therefore does not reflect a general and lasting decrease in production taxes** but stems from the combined effect of temporary reductions or those concentrated in very specific sectors.<sup>24</sup> **By contrast, other production taxes with much broader effects continue to rise sharply.**

**This is primarily the case for local production taxes.** France stands out from its neighbors due to a significant portion of production taxation being determined by local authorities—six times higher than in Germany, despite Germany’s federal structure.<sup>25</sup> Institut Montaigne, as part of its special feature dedicated to the 2026 municipal elections, highlighted the dynamism of this local production taxation—which, furthermore, has not always translated into improved financial health for the local authorities that benefit from them.<sup>26</sup> The fifth edition of the barometer confirms this trend: The three main production taxes allocated to local authorities—property tax, the *cotisation foncière des entreprises* (CFE, business property contribution), and the *versement mobilité* (VM, mobility levy)—have increased by €2.2 billion,<sup>27</sup>

<sup>23</sup> Section 55 of the 2023 Finance Act.

<sup>24</sup> For the sake of consistency with previous editions, the participation des employeurs à l’effort de construction (PEEC, employer’s contribution to the construction effort) is excluded from the scope of this analysis. However, the terminology used in the specifications would allow for this levy to be treated as a production tax.

<sup>25</sup> Olivier Redoulès, “État des lieux de la fiscalité locale de production” [Overview of local production taxation], Rexecode, Document de travail, no. 87, September 2023.

<sup>26</sup> Institut Montaigne, “Opération spéciale Municipales 2026. Finances locales dérive globale ?” [Special feature: 2026 municipal elections. Local public finances: a systemic drift?], February 2026.

<sup>27</sup> For property taxes, unlike the previous year, this increase is due to the impact of inflation through the revaluation of tax bases (+3.9 percent for residential and industrial properties and +1.1 percent for commercial properties). This accounts for a €350 million increase for revalued commercial properties and €176 million for industrial properties. The rate effect is minor: It can be estimated at €112 million for the *taxe foncière sur les propriétés bâties* (TFPB, property tax on built, i.e., developed, properties), or 21 percent of the total increase (€95 million for the former and €17 million for the latter).

confirming the long-term growth of these levies. As was the case last year, the decline in revenue from the CVAE was thus largely offset by the concomitant increase in these local taxes.

**A second category of production taxes on the rise concerns those linked to the financing of social protection, particularly pensions.**

Production taxes that fully or largely finance the pension system account for nearly €30 billion. Their revenue increased by another €1.3 billion in 2024.<sup>28</sup> The rise is particularly notable for the *contribution sociale de solidarité des sociétés* (C3S, corporate social solidarity contribution) (+€418 million), considered a tax “whose harmfulness is unequaled”<sup>29</sup> in our tax system, as it acts as an implicit subsidy on imports.<sup>30</sup> **This trend continues.** Alongside the suspension of pension reform, the latest finance act allocated a new production tax to fund the system: the company vehicle tax (nearly €1 billion), which is based on CO<sub>2</sub> emission levels. **In other words, in the absence of structural adjustments, pension financing continues to expand into new tax bases—including environmental ones, and thus unrelated to social protection—thus placing a burden on businesses.**

**Overall, the fastest-growing production taxes fund two rapidly expanding expenditure categories:** local government spending and pension financing. **This observation highlights the difficulty—**noted by the barometer for the past five editions—**of initiating a sustainable reduction in these levies in the absence of parallel action to reduce the expenditures they finance.** In particular, the goal of

<sup>28</sup> *The forfait social (social flat-rate contribution), the contribution sociale de solidarité des sociétés (C3S, corporate social solidarity contribution), the payroll tax, and the tax on company passenger vehicles. In full for the C3S and the social flat-rate contribution; 58.35 percent for the payroll tax; and 75.9 percent for the tax on passenger vehicles used for business purposes. See: Social Security Code, Article L. 131-8.*

<sup>29</sup> *Martin and Trannoy, “Taxes on Production: The Good, the Bad and the Ugly.”*

<sup>30</sup> *By being added at each stage of production, it encourages the importation of intermediate goods and effectively acts as an import subsidy. In a sector such as mass retail, where margins are slim, it can result in a 0.3 percent difference—enough to alter supply chains in order to limit the stages where these costs apply. Overall, the increase in imports driven by the C3S would exceed... its own yield.*

sustainably reducing production taxes without pension reform appears untenable given that nearly a quarter of their total revenue is linked to this expenditure item.<sup>31</sup>

**Without controlling this spending, a sustainable reduction in production taxes will require identifying alternative sources of funding that do not rely on businesses. However, the recent trend is, if anything, moving in the opposite direction,** as illustrated by the VM.<sup>32</sup> This levy, intended to finance public transportation, is also growing rapidly (+€842 million in 2024). It reflects a financing choice characteristic of the French model: shifting a significant portion of the cost of a public service onto businesses rather than users. For a trip costing €2 to the user, €5 is financed by businesses and €3 by public subsidies or debt. **The French characteristic of a high contribution from businesses is, moreover, becoming more pronounced.** The 2026 municipal election campaign was thus marked by several promises aimed at introducing free public transportation by financing it through an increase in the VM—sometimes even exceeding the legal ceiling.

Overall, these developments confirm that in the absence of action on the expenditures they finance or a shift to other tax bases, **production taxes will tend to remain dynamic despite the declared reduction targets.**

<sup>31</sup> More than one-fifth when taking into account production taxes allocated directly, including the social security flat-rate contribution, the contribution sociale de solidarité des sociétés (C3S, corporate social solidarity contribution), 58.35 percent of the payroll tax, and 75.9 percent of the tax on passenger vehicles used for business purposes. See: Social Security Code, Article L. 131-8. Between a quarter and a third, taking into account indirect channels of pension funding: taxes allocated to the general state budget, which cover more than 10 percent of pension costs; local taxes earmarked for local governments, nearly half of whose budgets go toward personnel expenses, which in turn are subject to employer pension contributions. We must also factor in the compensation mechanisms between social security branches, such as transfers from the family branch to the old-age branch—for pension supplements for children and assurance vieillesse des parents au foyer (AVPF, old-age insurance for stay-at-home parents)—which is itself indirectly funded by certain production taxes, such as a portion of the payroll tax.

<sup>32</sup> The versement mobilité (VM, mobility levy) is a payroll-based tax owed by all companies that employ at least eleven employees.

## Fragmentation and Complexity Persist

Production taxes are the result of a gradual accumulation of piecemeal measures added over the years to finance sectoral or regional priorities without increasing the “visible” taxes paid by the French public, which are more politically sensitive. **This has resulted in a significant fragmentation of production taxation.** While it is difficult to compile an exhaustive list, the data from our barometer, combined with that collected by the French Court of Auditors,<sup>33</sup> allow us **to estimate the number of production taxes in France at nearly 135.** This number is **much higher than in all other countries in our barometer—including Sweden, which, however, has a level of production taxation three times higher than that of France.** This fragmentation results in a low average yield per production tax in France: €775 million, or nearly one-seventh that of Germany. This proliferation of micro-levies also drives up collection costs, to the point where some small taxes cost more to collect than they generate in revenue. The General Inspectorate of Finance had identified ninety<sup>34</sup> such taxes—such as the “pinball machine tax.”<sup>35</sup> While some have been eliminated, this simplification effort has remained limited.

<sup>33</sup> A total of 111 low-revenue taxes (<€175 million) were identified in 2024. French Court of Auditors, *Les taxes à faible rendement une rationalisation à poursuivre [Low-revenue taxes: a rationalization to pursue]*, 2025.

<sup>34</sup> French General Inspectorate of Finance, *Les taxes à faible rendement [Low-revenue taxes]*, Report no. 2013-M-095, 2014.

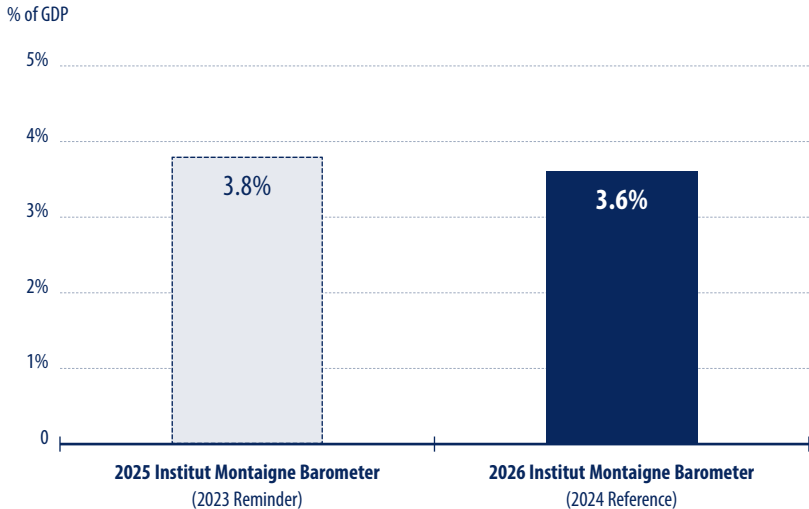
<sup>35</sup> Since repealed. See: General Tax Code, Article 613 ter.

**In addition to being large in number, production taxes are also highly complex.** Let's take the concrete example of a company with multiple locations in the Provence-Alpes-Côte d'Azur region, which must therefore pay the "office tax" provided for in Article 231 quater of the General Tax Code. It must first submit one Form 6705-B-SD to the local tax authorities for each site concerned.<sup>36</sup> The calculation of the amount due depends on the use of the premises: €1.01/m<sup>2</sup> for offices, €0.42 for retail spaces, and €0.23 for warehouses. This scale therefore requires a precise designation of every square meter used—bearing in mind that this classification is subject to exceptions depending on the type of owner or the specific use of the premises: An office space will be exempt if it belongs to a private educational institution but not if it belongs to a private tutoring company—except for square meters dedicated to administrative archiving. Waiting rooms are also exempt—but uncertainty remains if this room also serves another room: It could be reclassified as "internal circulation space" and become taxable. Added to this are complex geographic criteria: The amount may vary depending on whether the premises are located in a downtown revitalization zone, a *quartier prioritaire de la politique de la ville* (QPV, priority neighborhood), or a *zone franche urbaine* (ZFU, urban free zone). Finally, the business must anticipate threshold effects: A 2,500-square-meter retail space will have to pay €1,000 more in taxes than one that is 1 square meter smaller. These rules aim to achieve understandable objectives: to align the tax with the ability to pay, exempt certain sensitive activities, or support the revitalization of certain areas. But is such complexity really worthwhile when the revenue collected amounts to only €20 million per year, particularly when the associated administrative costs are opaque?

<sup>36</sup> If multiple sites are involved, a company must file multiple Form 6705-B-SDs if those sites are not located within the same municipality. If multiple sites are involved but are located within the same municipality, only one Form 6705-B-SD needs to be filed.

## 2 Production Tax Levels by Country

### France



*Based on Eurostat Data: 3.5%*

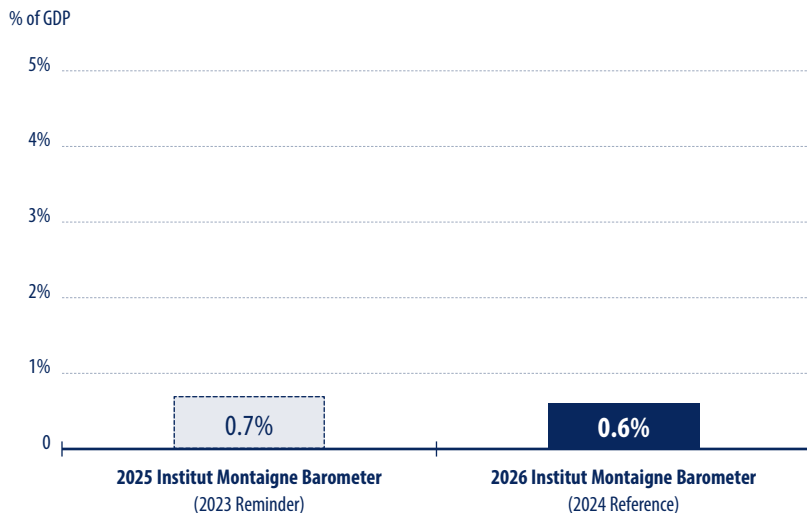
In 2024, the weight of production taxes in France decreased by 0.2 percentage points of GDP. However, this apparent €3.7 billion reduction in the tax burden masks revenue increases across multiple tax categories. The difference between our barometer's figure and Eurostat's is mainly due to the inclusion of the CO<sub>2</sub> emissions tax and the participation des *employeurs à l'effort de construction* (PEEC, employer's contribution to the construction effort). Unlike Eurostat, we include these taxes in our definition of production taxes.

Indeed, the suspension of ex ante contributions by European countries to the Single Resolution Fund—after it reached its target funding level at the end of 2023—contributed to a €4 billion decrease in production taxes in 2024. Furthermore, the decline in CVAE revenue continued in 2024, falling from €5.2 billion in 2023 to €3.8 billion in 2024 (-25 percent). This reduction reflects the efforts undertaken since 2021, with the gradual lowering of the maximum CVAE rate from 1.5 percent to 0.28 percent.

At the same time, other tax items are on the rise, such as production taxes allocated to local authorities. Together, the *taxe foncière* (property tax) and the *cotisation foncière des entreprises* (CFE, business property contribution) increased by €1.3 billion, mainly due to the revaluation of tax bases. Revenue collected from the *versement mobilité* (VM, mobility levy) also increased by €800 million, the combined result of an expansion of its territorial scope and the raising of rates by certain local authorities. Finally, taxes related to social protection rose significantly in 2024. In particular, revenue from the *contribution sociale de solidarité des sociétés* (C3S, corporate social solidarity contribution) increased by €400 million (+8.7 percent) despite a stable levy rate.

## Other European Countries

### Germany



*Based on Eurostat Data: 1.0%*

Production taxation in Germany remains low (0.6 percent of GDP). As a percentage of GDP, it fell significantly (-8.5 percent) for the second consecutive year (-5.5 percent between 2022 and 2023). This decline is mainly due to the suspension of the banking sector's ex ante contributions to the SRF, which reached its target funding level at the end of 2023.<sup>37</sup> However, this decline does not affect German federal budget revenue, as these contributions have been paid directly to the European Fund since its creation in 2016.

<sup>37</sup> Single Resolution Board, "Single Resolution Fund: No Expected Contribution in 2024 as Target Level Reached."

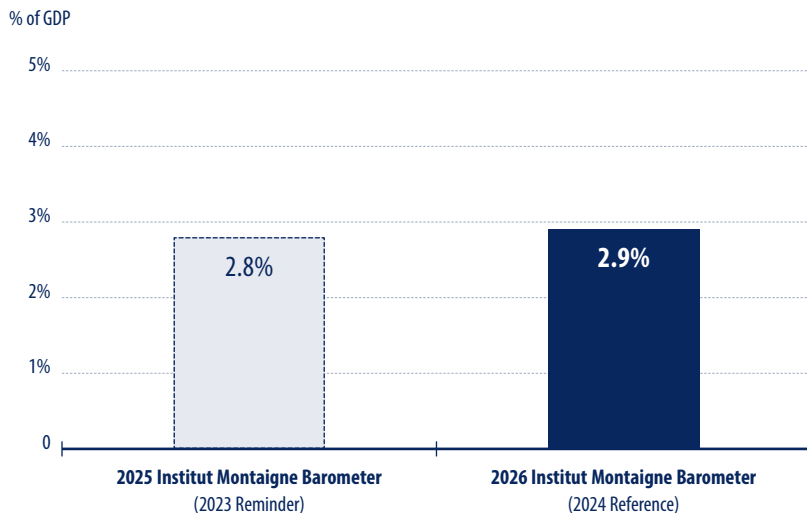
2024 also marks the final year before the implementation of Germany's property tax reform. While the government has announced a revenue-neutral reform, the new calculation method could create an imbalance to the disadvantage of certain regions where real estate prices have risen over the last fifty years.

Emerging from two years of economic stagnation (0.5 percent GDP growth in 2024), in 2025, the government announced a series of measures aimed at boosting investment by reducing the overall tax burden on businesses by €45.8 billion by 2029.<sup>38</sup> However, these measures primarily target corporate income tax and investment levies rather than production taxes. Meanwhile, energy prices continue to spark debate following successive increases in the national CO<sub>2</sub> price (+50 percent in 2024).<sup>39</sup>

<sup>38</sup> Emmanuel Grasland, "En Allemagne, le gouvernement met le turbo pour réduire la pression fiscale" [In Germany, the government hits the accelerator to reduce the tax burden], *Les Echos*, June 2, 2025.

<sup>39</sup> *Allemagne Énergies*, "Allemagne La consommation énergétique baisse de nouveau au premier semestre 2024" [Germany: energy consumption falls again in the first half of 2024], July 18, 2024.

## Austria

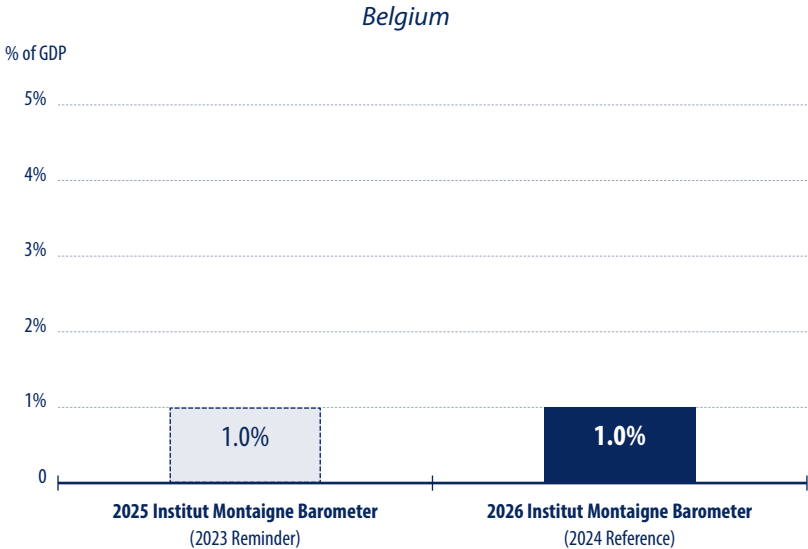


Based on Eurostat Data: 3.4%

Austria has a higher share of production taxes than the average for the other countries in the barometer (2.2 percent). In 2024, the level of production taxes increased slightly (+0.1 percentage points of GDP), driven by higher revenues from payroll taxes and contributions to the Family Burden Compensation Fund, following a sharp rise in nominal wages (+8.5 percent).<sup>40</sup> The increase in the Austrian carbon tax in sectors outside the European Emissions Trading System (EU ETS), as planned in the 2022 “eco-social” tax reform, also contributed in part to this overall rise in production taxes.

<sup>40</sup> Coface, “Austria: Country File, Economic Risk Analysis,” accessed April 5, 2026.

Furthermore, the 2023 figure in the barometer has been revised upward (+0.2 percentage points of GDP) following the retroactive inclusion of taxes on non-ETS emissions (carbon tax), bringing our estimate closer to that of the scope used by Eurostat.

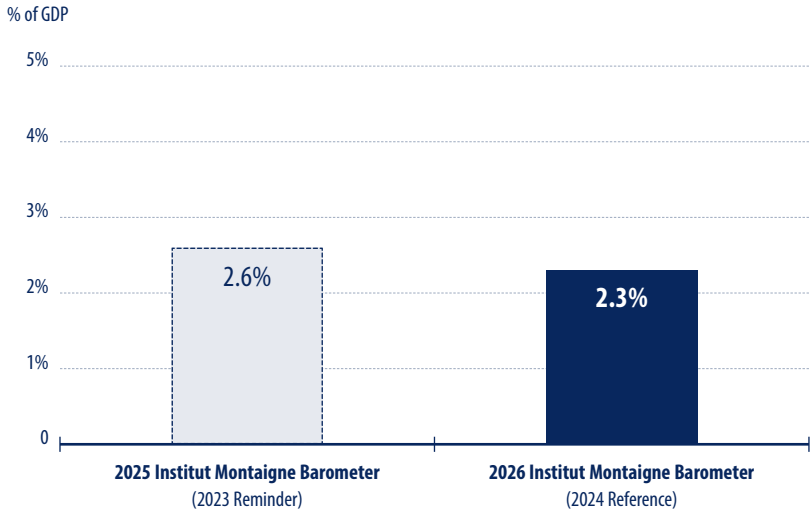


The level of production taxes in Belgium remained stable in 2024. As in the rest of the European Union, the banking sector’s contributions to financial stability funds decreased following the suspension of ex ante contributions to the SRF, which reached its target funding level by the end of 2023. This decline was partially offset by increased revenue from greenhouse gas emission allowances due to the inclusion of maritime transport in the EU ETS in 2024,<sup>41</sup> in a country that is home to Europe’s second-largest port.

<sup>41</sup> Federal Public Service Mobility and Transport, “ETS Maritime,” June 30, 2025.

Overall, Belgium has a particularly low level of production taxes, approximately half the level recorded by Eurostat. This discrepancy stems from the methodology used by the European statistical agency, which includes in this category taxes that are actually borne by households rather than by businesses. This is notably the case for the advance tax payment on property (PP), which amounted to €4.9 billion in 2024 and is not included in our barometer. Furthermore, other levies, amounting to less than €100 million, do not meet the definition of production taxes used in our methodology.

*Denmark*



*Based on Eurostat Data: 2.7%*

Taxes falling within the scope of production taxes, as defined by Eurostat, broadly correspond to those included in our methodology. Unlike Eurostat, our barometer does not include contributions to the National Building Fund, as its revenues are not collected by a public administration or a European institution.

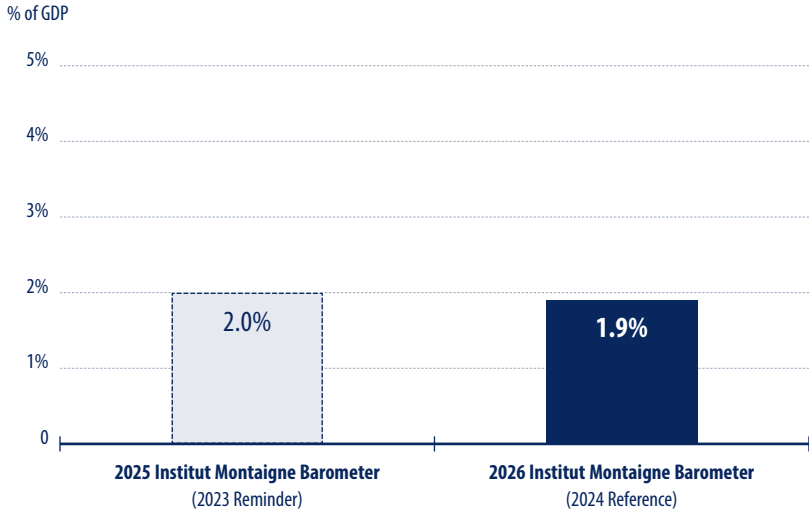
In our barometer, the weight of production taxes shows a notable decrease of 0.3 percentage points of GDP in 2024, which is mainly due to the introduction of a property tax reform.<sup>42</sup> However, this decline is not expected to carry over into the following year, as it involves a transitional measure aimed at capping the property tax paid by property owners at the 2023 level, prior to the implementation of a reform revising the tax base to align it with changes in real estate prices.

In 2024, the Danish Parliament adopted a so-called green tax reform, which took effect in 2025. This ambitious plan subjects industrial operators to a carbon tax that will gradually increase through 2030. For industries outside the ETS, this constitutes a fiscal transfer aimed at replacing an existing energy tax. Companies participating in the ETS will also be required to pay a surcharge. Only the minerals processing sector will benefit from a reduced rate, as it is highly exposed to international competition.<sup>43</sup>

<sup>42</sup> Malene Overgaard and Caroline Lykke Ladefoged, “New Property Assessments in Denmark and New Rules on Property Taxation,” *Schjødt*, October 6, 2023.

<sup>43</sup> Victor Honoré Nielson and Sarah Attrup, “Denmark’s Green Tax Reform Advances Ambitious Climate Goal,” *HCR Law*, May 12, 2025.

## Spain



Based on Eurostat Data: 1.7%

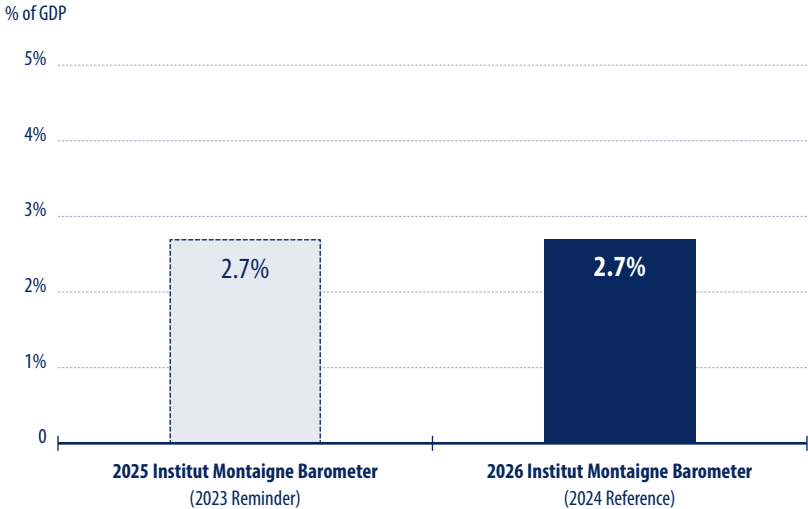
Spain shows a certain stability in revenue from its production taxes. Against a backdrop of strong growth—with Spanish GDP rising by 3.2 percent in 2024 compared to an average of 0.9 percent for the eurozone—this stability translates into a slight decline in the share of production taxes in GDP (–0.17 percentage points).

In 2024, the main business tax reforms in Spain focused less on production taxes and more on the taxation of profits. In late December, parliament notably adopted a phased reduction in the corporate tax rate for SMEs and cooperatives through 2027, aiming for a rate of 17 percent on the first €50,000 of taxable income (compared to 23 percent today).<sup>44</sup>

<sup>44</sup> French Ministry of Economy and Finance, *Brèves économiques d'Espagne, no. 1 [Economic briefs on Spain, no. 1]*, February 20, 2025.

As in the two previous editions, it was not possible to isolate the portion of the property tax (*Impuesto sobre bienes inmuebles*) specifically borne by businesses, due to missing data. However, this tax amounted to €14.1 billion in 2023, representing nearly half of the total Spanish production taxes listed here. By way of comparison, households account for 75 percent of the total revenue from the French property tax. Thus, if a similar adjustment were applied to Spain, the actual burden of its production taxes could be even lower than the estimates shown and closer to the level of its neighbor Portugal (1.2 percent of GDP).

*Italy*

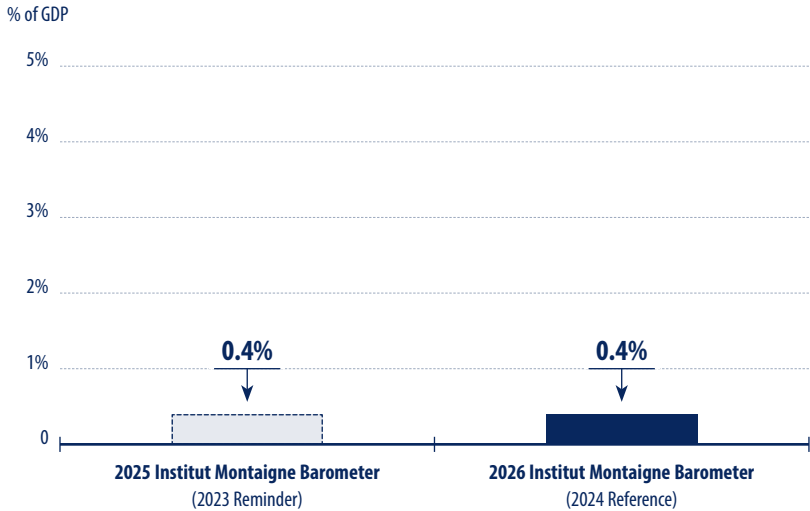


*Based on Eurostat Data: 2.9%*

In Italy, the level of production taxes remained stable in 2024. The country stands out—like France—for its tax on the added value of businesses (the *Imposta Regionale sulle Attività Produttive* or IRAP). Accounting for nearly half of Italy’s production taxes, its amount increased by 10.8 percent in 2024. This increase is mainly due to the high profits recorded by the banking sector—on which IRAP is partly based—generated by the ECB’s rate hikes since 2022.

In 2024, however, this increase is offset by the suspension of the banking sector’s contributions to the SRF, resulting in overall stability in the level of production taxes.

*Netherlands*

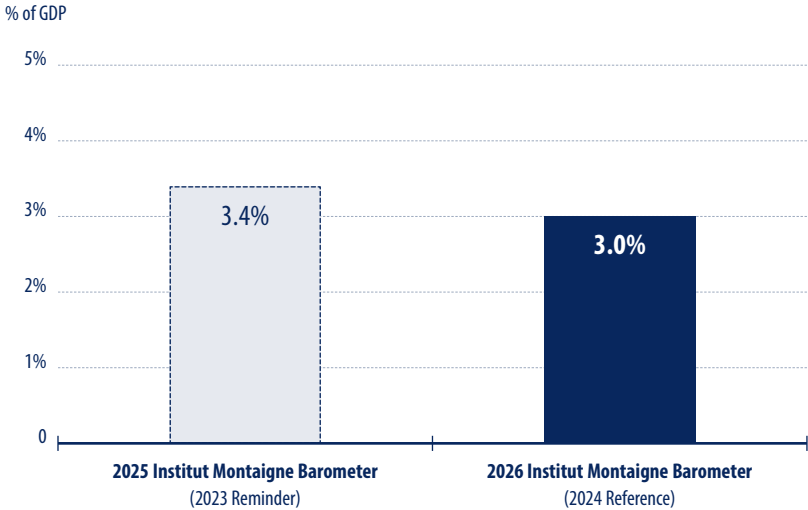


*Based on Eurostat Data: 1.2%*

The Netherlands continues to show great stability in revenue generated by production taxes. It is one of the countries with the lowest burden of production taxes among all European countries studied, just behind the Czech Republic and Romania.

On closer inspection, however, there is a 43 percent increase in revenue from the carbon tax in 2024 following the rise in the price per ton of CO<sub>2</sub>, in accordance with the law adopted in 2021. This legislation provides for a gradual increase in carbon prices to reduce emissions by 14.3 million tons by 2030.

*Poland*



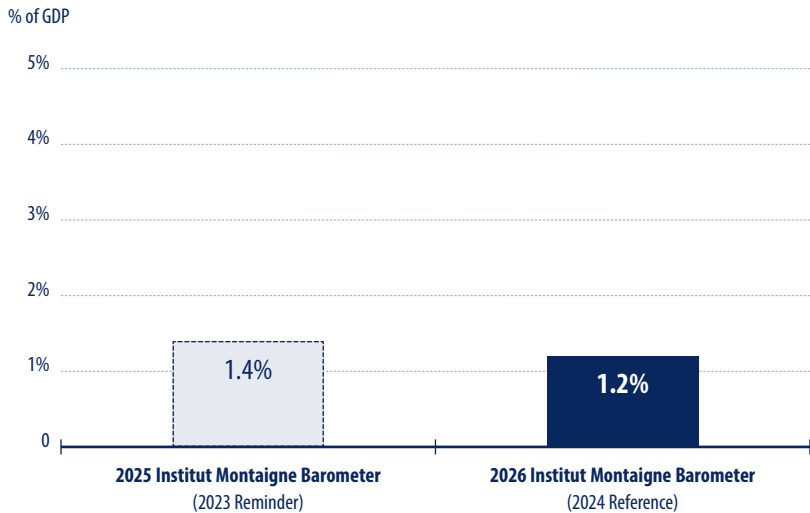
*Based on Eurostat Data: 2.9%*

In 2024, production taxes declined significantly—by 11.3 percent relative to GDP—after two years of growth. This is mainly due to the expiration of measures implemented in the context of the energy crisis, such as the specific levy on the inframarginal revenue of electricity and gas producers to finance price caps for households, SMEs, and certain public institutions.

Conversely, revenues from greenhouse gas emission allowances have doubled compared to 2023, although they have not yet returned to their 2022 level. The economic recovery of a coal-dependent economy (3 percent GDP growth, 1.4 percentage points above the European average), combined with rising prices in the European emissions trading market, could explain this increase.

Furthermore, as was the case last year, we now apply the same analytical scope as Eurostat for Poland, adding to it taxes on the extraction of certain minerals—which we classify as a production tax—amounting to €888 million in 2024.

## Portugal



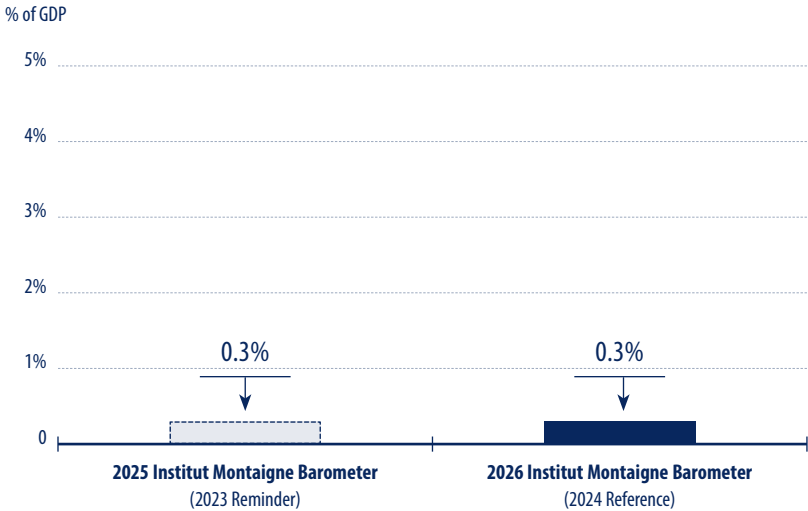
*Based on Eurostat Data: 1.3%*

As a percentage of GDP, Portugal shows a significant decline in its production taxes (–9.4 percent). This decline is partly due to the suspension of the banking sector’s ex ante contributions to the SRF, which reached its target funding level by the end of 2023. However, this decline does not affect the Portuguese state budget’s revenue, as these contributions have been allocated directly to the European Fund since its creation in 2016. On the other hand, the Portuguese Constitutional Court’s ruling against the exceptional levy on the energy industry has contributed to weakening tax revenue for the year 2024.

Moreover, the level of production taxes assessed using the barometer’s methodology is close to that calculated by Eurostat despite the exclusion of twenty-one taxes that do not meet the legal and methodological

criteria applied; their amounts remain very low, however, as the majority yield less than EUR 20 million.

*Czech Republic*



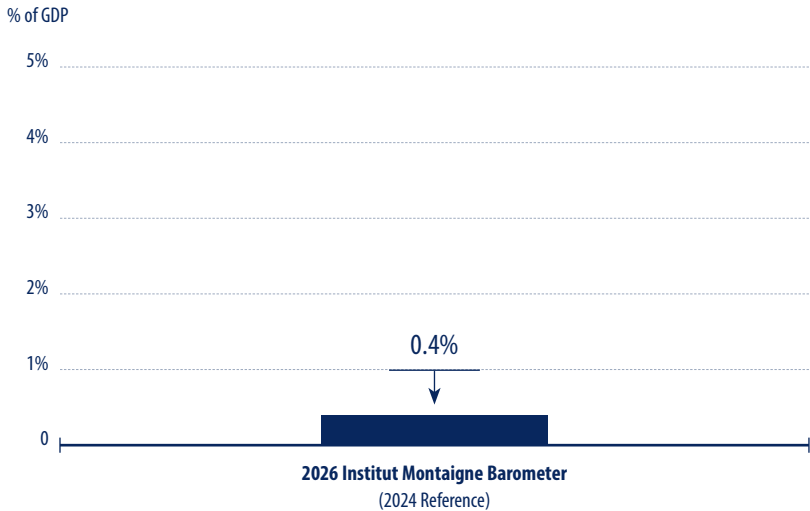
*Based on Eurostat Data: 0.6%*

The Czech Republic ranks as the country with the lowest level of production taxes among those studied. While the overall level of production taxes has risen slightly (+0.08 percentage points of GDP), this apparent stability conceals a significant upheaval in its tax structure.

As with the rest of the European Union, the banking sector’s contributions to funds dedicated to financial stability have fallen sharply following the suspension of ex ante contributions to the SRF, which

reached its target funding level by the end of 2023. However, this decline was offset by a near-doubling of revenue from property tax (rising from 10.4 to 19.6 billion Czech korunas between 2023 and 2024, or EUR 400 and 780 million, respectively). In fact, this increase was introduced on January 1, 2024, as part of the “consolidation package”<sup>45</sup> planned by the government to consolidate public finances.

### Romania



Based on Eurostat Data: 1.1%

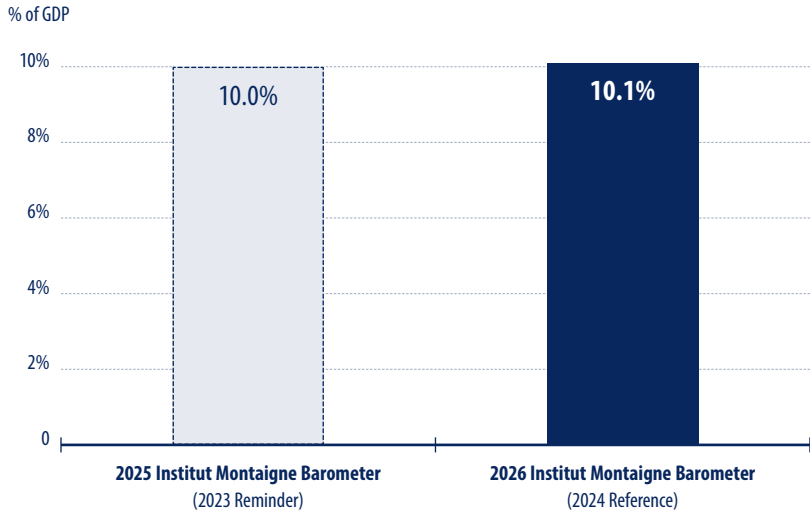
<sup>45</sup> Radio Prague International, “Consolidation budgétaire les grandes lignes du projet présenté par le gouvernement tchèque” [Budget consolidation: the broad lines of the plan presented by the Czech government], May 12, 2023.

Newly included in the barometer this year, Romania ranks second, behind the Czech Republic, among the countries with the lowest levels of production taxation, even though our methodology significantly nuances the figure provided by Eurostat. Indeed, our approach does not classify contributions to the European Modernisation Fund<sup>46</sup>—aimed at improving energy efficiency in low-income countries, of which Romania is both a contributor and a beneficiary—as production taxes, nor does it include contributions to the Romanian Energy Transition Fund.

In 2025, Romania adopted a wide-ranging tax reform; however, this does not include production taxes, which are expected to remain stable. The plan announced by the government primarily targets consumption, with a 3-point increase in the VAT rate, as well as profits, with an increase in taxes on dividends.<sup>47</sup>

<sup>46</sup> Romanian Ministry of Investment and European Projects, “The Modernisation Fund,” 2025.

<sup>47</sup> Eurofast, “Romania 2025–2026 Tax and Fiscal Changes: What Companies Must Know,” July 8, 2025.

*Sweden*

*Based on Eurostat Data: 10.2%*

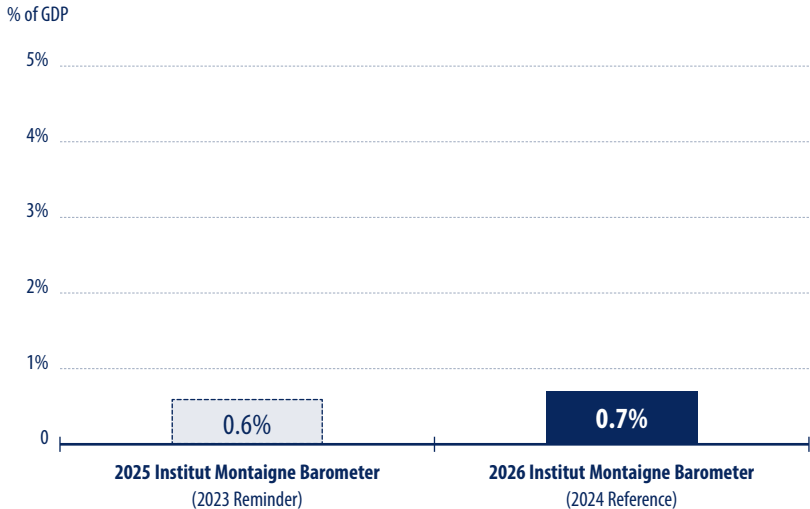
Sweden, which ranks ahead of France, has the highest level of production taxes as a percentage of GDP. This significant weight can be explained by a structural choice regarding the financing of the social protection system, which relies primarily on taxes rather than social contributions, unlike the French model. Thus, the majority of production taxes in Sweden are levied on the wage bill, replacing what would, in other systems, be social contributions.

As with other countries, certain taxes were excluded from our calculations, while others were included, with the resulting figures remaining close to Eurostat data.

In 2024, the burden of production taxes in Sweden remained broadly stable (+0.02 percentage points of GDP). However, employer social security contributions (General Payroll Tax) increased for the second consecutive year, rising by 11.6 billion Swedish kronor (approximately €1 billion).

Furthermore, the 2023 figure in the barometer has been revised slightly upward (+0.1 percentage points of GDP) due to annual revisions of GDP estimates by national statistical institutes.

*Switzerland*



*Based on Eurostat Data: 0.6%*

In Switzerland, the weight of production taxes in GDP increased by 12 percent in 2024. This trend is primarily due to the increase in tax revenue from *patentes* (authorizations to conduct a specific activity issued by the commercial register, particularly those issued for hospitality and restaurant activities) following the recovery of the tourism sector. Indeed, the number of hotel nights increased by 2.6 percent in 2024. By comparison, Swiss GDP grew by 1.4 percent over the same period.

Furthermore, this year we are not including the minimum corporate tax (which amounted to nearly €14 billion in 2023) in the barometer's calculations, as it does not align with our definition of production taxes.

## List and characteristics of the seventeen production taxes with revenue exceeding €1 billion

### Payroll Tax

**€17,32 bn**

The payroll tax (*taxe sur les salaires*) is intended to compensate for the absence of VAT for certain organizations and businesses that are not subject to VAT on the majority of their revenue (banks, insurance companies, associations, hospitals, and certain liberal professions). The amount is calculated by applying a progressive scale to the gross wages paid to employees. The revenue is largely allocated to funding social security. By directly taxing employment, it can increase labor costs, particularly in highly labor-intensive sectors.

### Property Tax on Built Structures

**€15,56 bn**

The property tax on built structures (*taxe foncière sur les propriétés bâties*, TFPB) is a tax levied on the ownership of built real estate (developed land with professional, industrial, or commercial premises). Its tax base is based on the cadastral rental value of the properties, which is revalued annually, to which rates set by local authorities are applied. It is payable by the owners, whether individuals or legal entities, including businesses that own their own premises. The TFPB constitutes an essential revenue source for municipalities and intermunicipal bodies. Its revenue is particularly dynamic due to the automatic revaluation of tax bases linked to inflation and, where applicable, local decisions to raise rates. It can thus place a significant burden on companies with substantial real estate holdings, particularly in the industrial sector.

## Mobility Levy

**€12,23 bn**

The mobility levy (*versement mobilité, VM*) is payable by public and private employers with more than eleven employees, provided that they are located in a territory where a mobility-organizing authority (AOM) has instituted this levy. Its rate, set locally within a legal cap, applies to all wages paid. This tax is collected by mobility-organizing authorities to fund public transportation. It reflects a financing approach specific to France that requires companies to contribute significantly to funding their employees' mobility. As such, it is considered a production tax, as it directly impacts labor costs, regardless of corporate profitability. Its revenue is growing rapidly, driven by the expansion of its geographic scope, increases in local rates, and growing investment needs in transportation.

## Contribution to the Development of Apprenticeship, Supplementary Contribution to Apprenticeship and Contribution to Vocational Training

**€11,36 bn**

These contributions comprise three levies based on companies' payroll: the Contribution to Vocational Training (*contribution à la formation professionnelle, CFP*), the Apprenticeship Tax (including the Contribution to the Development of Apprenticeship), and the Supplementary Contribution to Apprenticeship (*contribution supplémentaire à l'apprentissage, CSA*). They are payable by employers, with rates varying according to the size of the company and, for the CSA, according to compliance with a quota for work-study students. The CFP funds continuing education for employees and job seekers. The Apprenticeship Tax aims to support the development of apprenticeships and the funding of initial technical and vocational training. The CSA, meanwhile, penalizes large companies that do not employ enough work-study students. These contributions

are collected by the URSSAF (the French social security contributions collection agency) and then redistributed to various organizations (France Compétences, skills operators, training institutions) and serve the purpose of financing skills development and professional integration by having companies contribute to the training of the workforce from which they benefit.

## Business Property Tax

**€7,71 bn**

The business property tax (*cotisation foncière des entreprises*, CFE) is a local tax based on the rental value of real estate used by a business for its professional activities (land, buildings, premises). It is payable by all businesses and self-employed individuals, regardless of their legal status, provided they are carrying out a non-salaried professional activity as of January 1 of the tax year. Together with the CVAE, the CFE constitutes one of the two components of the territorial economic contribution (CET). It is collected by municipalities and public intermunicipal cooperation bodies (EPCI), which set the rates. Even in the absence of premises (or in cases of low rental value), a minimum contribution may apply based on revenue. Its revenue is dynamic, particularly due to the revaluation of cadastral bases and local rate decisions.

## Social Flat Fee

**€6,30 bn**

The social flat fee (*forfait social*) is a levy based on certain forms of compensation or benefits paid to employees who are exempt from social security contributions but subject to the General Social Contribution (*contribution sociale généralisée*, CSG) (notably performance-based bonuses (*intéressement*), statutory profit-sharing (*participation*), employee savings plans, or certain severance payments). It is payable

by employers, primarily businesses, at rates that vary depending on the nature of the amount paid. It is collected by the social security system and contributes to the financing of social protection. Since 2019, its scope has been partially reduced, with exemptions for small businesses on certain employee savings schemes, with the aim of promoting these mechanisms.

## Household Waste Collection Tax

**€4,41 bn**

The household waste collection tax (*taxe d'enlèvement des ordures ménagères*, TEOM) is a tax levied on the assessed rental value of built real estate, following the same model as the property tax. It is payable by property owners but may be passed on to occupants—particularly tenant businesses—through service charges. It is collected by municipalities or intermunicipal authorities and funds the public service for the collection and treatment of household waste. Its rate is set locally and does not depend directly on the amount of waste produced, although some local governments develop additional incentive-based schemes. For businesses, the TEOM is considered a production tax, as it is levied on the ownership and use of commercial premises, regardless of the level of activity. It constitutes a relatively invisible but dynamic cost linked to the revaluation of property tax bases and rising waste management costs.

## Corporate Social Solidarity Contribution (C3S)

**€5,23 bn**

The corporate social solidarity contribution (*contribution sociale de solidarité des sociétés*, C3S) is a tax levied on companies' revenue. It is payable by companies with revenue exceeding an exemption threshold (€19 million), at a proportional rate applied to all revenue above that

threshold. The C3S is collected by the social security system and primarily contributes to the financing of the pension system. It is distinguished by its particularly broad tax base, which is based on gross economic activity rather than on profit or value added. As a production tax, it is often considered one of the most burdensome, as it directly impacts revenue regardless of profitability. It can thus place a heavy burden on low-margin businesses and generate ripple effects throughout production chains. Regularly criticized for its economic impacts, its phased elimination began in 2015 before being halted.

## Corporate Value-Added Contribution (CVAE)

**€3,87 bn**

The CVAE (*cotisation sur la valeur ajoutée des entreprises*) is a tax levied on the value added generated by companies—that is, the wealth they create through their business activities. It is payable by companies with annual revenue exceeding €500,000, at a progressive rate based on the level of activity, up to a maximum rate set by law. The CVAE, along with the CFE, constitutes one of the two components of the territorial economic contribution (*contribution économique territoriale*, CET). It is collected for the benefit of local authorities, primarily regions and inter-municipal communities, with distribution and compensation mechanisms managed by the state. Classified as a production tax, the CVAE is distinguished by a tax base more closely tied to economic activity than to mere capital or labor. It remains payable regardless of net income, however, which can weigh on unprofitable businesses. On a downward trajectory since 2021, with a gradual reduction in its rate, its elimination is currently scheduled for 2030.

## Tax for the National Housing Assistance Fund

**€2,94 bn**

The contribution to the National Housing Assistance Fund is a levy based on companies' total payroll. It is payable by all employers, with rates varying according to company size (notably a higher rate for those with fifty or more employees). It is collected by social security and allocated to funding personal housing assistance (APL, ALS, ALF) paid to households. It is part of a system of shared financing for housing policy but can contribute to increasing the burden on employment, particularly for medium-sized and large companies.

## Tax for the National Solidarity Fund for Autonomy

**€2,47 bn**

The contribution to the National Solidarity Fund for Autonomy (*caisse nationale de solidarité pour l'autonomie*, CNSA) corresponds primarily to the Solidarity for Autonomy Contribution (*contribution solidarité autonomie*, CSA), based on the total payroll. It is payable by employers and calculated by applying a proportional rate (0.3 percent) to the wages paid to employees. It is collected by the URSSAF and allocated to the CNSA, which funds policies addressing loss of autonomy, particularly for the elderly and people with disabilities (personalized autonomy allowance, funding for medical-social facilities, etc.). It is historically linked to the establishment of the "Solidarity Day."

## Flat-Rate Tax on Network Companies

**€1,86 bn**

The flat-rate tax on network companies (*imposition forfaitaire sur les entreprises de réseaux*, IFER) comprises a set of sector-specific taxes levied on the equipment and infrastructure operated by certain

network companies (wind turbines, power plants, gas facilities, transformers, wireless telecommunications infrastructure, railway equipment, etc.). It is payable by companies operating these facilities, primarily in the energy, telecommunications, and transportation sectors. The IFER is collected for the benefit of local governments (municipalities, intermunicipal communities, departments, and regions, depending on the components) and constitutes a significant revenue source for the regions hosting these infrastructures. Its amount is based on flat rates per piece of equipment, defined by law, regardless of the company's revenue or profit. Classified as a production tax, the IFER is characterized by the fact that it directly taxes productive capital, particularly heavy industrial assets. It can thus influence investment decisions regarding infrastructure, while serving the purpose of territorial distribution of the value created by network activities.

## Employer Contributions to the Association for the Guarantee of Wages

**€1,47 bn**

The contribution to the Association for the Management of the Employee Claims Guarantee Scheme is a levy based on the total payroll. It is payable by all private-sector employers at a rate set at the national level and is calculated on wages subject to social security contributions. It is collected by the URSSAF and allocated to the Association for the Guarantee of Wages (*Association pour la gestion du régime de garantie des créances des salaires*, AGS), the body responsible for guaranteeing the payment of employees' wages, benefits, and claims in the event of employer default (safeguard proceedings, receivership, or judicial liquidation). This system constitutes a mutual insurance mechanism for the benefit of employees.

## Tax on Retail Space and Additional Tax

**€1,27 bn**

The Tax on Retail Space (*taxe sur les surfaces commerciales*, TASCOM) is a tax levied on the sales area of retail establishments exceeding 400 m<sup>2</sup> and generating revenue above a certain threshold. It is payable by the operators of these retail spaces, with the amount calculated based on the floor area and revenue per square meter. An additional tax on top of TASCOM may apply in certain cases, particularly in the event of an expansion of the retail space. TASCOM is collected for the benefit of municipalities and intermunicipal communities.

## Tax for the Expenses of Chambers of Agriculture, Commerce and Industry, or Trades and Crafts

**€1,09 bn**

Taxes for the expenses of consular chambers encompass several levies intended to finance chambers of commerce and industry (*chambres de commerce et d'industrie*, CCI), chambers of trades and crafts (*chambres de métiers et de l'artisanat*, CMA), and chambers of agriculture. Their tax base varies depending on the case, but they are primarily based on economic factors linked to business activity, notably rental value (linked to the CFE) or, for certain components, revenue. They are owed by businesses in the relevant sectors (commerce, industry, crafts, agriculture) and are collected by the tax administration, then allocated to the chambers of commerce and industry. These public institutions carry out missions of economic interest: business support, training, facility management, and representation of sectoral interests.

## Flat-Rate Tax on Power Poles

**€1,06 bn**

The flat-rate tax on power poles (*taxe sur les pylônes*) is a tax based on the number of high-voltage power poles operated by companies in the energy sector. It is payable by electricity transmission system operators, primarily for high-capacity infrastructure. The amount is set as a flat rate per pylon, based on a rate defined by law, regardless of the volume of electricity transmitted or the company's financial results. It is collected for the benefit of local governments, particularly the municipalities where this infrastructure is located. It serves as a form of territorial compensation, allowing local authorities to share in the economic benefits of having energy infrastructure on their territory.

## Employer Contribution on Stock Options

**€1,03 bn**

The employer contribution on stock options is a levy based on the value of stock options granted to employees and executives. It is payable by employers upon the grant of the options, based on their fair value or a percentage thereof, in accordance with the terms set forth in the regulations. It is collected by the URSSAF and allocated to social security. Its rate has evolved over the course of various reforms, with the aim of regulating the use of these forms of variable compensation, which are often concentrated among senior executives.

## SCOPE

As in the two previous editions of the barometer, the United Kingdom was not included in the scope of the study, as its exit from the single market exempted it from EU legislative constraints and profoundly altered the economic environment in which it functions.

## BUILDING THE INDICATOR

The France-based experts at Forvis Mazars who coordinated the project developed a set of specifications detailing the information required to identify and analyze production taxes across the fourteen countries included in the study. They relied on European Regulation No. 549/2013 of 21 May 2013, which defines production taxes, as well as French legal standards, particularly case law from French administrative courts.

The specifications included a list of all existing taxes, levies, and contributions, and identified which of these meet the definition of production taxes. These taxes must satisfy four criteria:

- They are mandatory.
- They are paid by businesses.
- They are levied by public administrations or European Union institutions.
- They are due in relation to production capacity.

The specifications also highlighted areas of ambiguity and provided detailed justifications for the classification of certain taxes. For instance, the vacant commercial property tax is excluded, as it is levied on the ownership of unused buildings and is not considered a cost associated with productive activity. Based on these criteria, Forvis Mazars experts

in the thirteen other participating countries reviewed Eurostat data and reclassified it where necessary, applying the same analytical framework. The teams compiled a comprehensive list of all taxes in each country and determined, item by item, whether each one qualified as a production tax—providing justification and accounting for the complexity of national tax regulations. These data were then transmitted to Institut Montaigne, which, with the support of HEC Junior Conseil, used them to construct a common indicator allowing for the comparison of total annual production tax revenues between France and the thirteen other European countries. This shared indicator is expressed as a percentage of 2024 GDP. While the findings of our barometer do not significantly diverge from Eurostat’s rankings, they offer a higher degree of precision thanks to an enhanced legal basis for classification.

### **METHODOLOGICAL NOTE**

While this report provides an unprecedented level of detail, there remains a margin of error in isolating the share of taxes paid by households versus businesses. In some countries, such as Spain and Poland, certain data are missing, making it impossible to definitively exclude household contributions to specific production taxes. In France, some local taxes identified in our specifications as production taxes suffer from a lack of transparency and are not systematically reported to Eurostat.

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