

# How big is tax evasion? The Guardian's visualisations b...

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The Guardian did a blog on tax evasion yesterday. The data was drawn from my [November 2011 work for the Tax Justice Network](#). As they reported:

*The trial of Barcelona footballer Lionel Messi on charges of tax fraud has come at a time when Spanish government coffers are running particularly low. Which makes it all the more contentious that tax evasion cost Spain â¬80bn (£67bn) in a single year. But that seems small fry compared to the estimated \$337bn the US treasury lost out on.*

*The numbers, taken from World Bank estimates on the size of each country's shadow economy, are fascinating — even if not perfectly reliable. Counting any type of illicit behaviour is always prone to error and black market activity is no exception.*

### **Europe has the world's biggest black market**

***When different regions are compared, Europe comes out the worst in terms of the size of its black market and the total amount of tax it loses as a result.***

***As a region though, Europe also has the highest tax rates in the world. Out of 36 countries looked at, Europeans averaged a tax rate that was 39% of their GDP, compared to a world average of 28%. The lowest rates were found among 39 African countries which had taxes that represented around 17% of their GDP.***

### ***Ten biggest countries***

***In 2010, the latest year that data was available, ten governments in the world lost out on \$100bn each (£62bn). Unfortunately, using the total amount of tax lost as the basis for comparison means that interesting case studies like Greece are left out - even if their shadow markets would represent a big***

**chunk of their GDP.**

**We ranked the biggest ten according to three different measures:**  
**1: Total size of the shadow economy**  
**2: Total size of the shadow economy**  
**3: Tax lost as a % of GDP**

**The US has the world's biggest shadow economy and loses the most tax as a result. But, when looked at as a % of GDP, [Russia](#) suffers most as a result of tax evasion - the lost money represents 15% of the country's economic output. You can see how each country compares by clicking on the different options in the chart below.**

**Switching your view to 'tax lost as a % of GDP' means that the allegations against Messi take on a different dimension - Spain rockets up from 9th to 4th place:**

### **Sick sums**

**The Tax Justice Network have estimates for every country in the world in a [report they published](#) in November 2011. The research specifically focuses on the way that tax evasion affects health care spending. In [Bolivia](#), they found that tax evasion represents 419% of the government's spend on healthcare while in Russia it was 311% making them the top 2 'tax evasion losers'.**

### **What is a shadow economy?**

**Is a black market really a good reflection of the black hole tax evasion creates? Here's the definition that the [World Bank's researchers](#) used so you can decide for yourself:**

**All market-based legal production of goods and services that are deliberately concealed from public authorities for any of the following reasons:**  
**1: to avoid payment of income, value added or other taxes,**  
**2: to avoid payment of social security contributions,**  
**3: to avoid having to meet certain legal labour market standards, such as minimum wages, minimum working hours, safety standards, etc and**  
**4: to avoid complying with certain administrative procedures, such as completing statistical questionnaires or other administrative forms**

It's always, I admit, fund to see your research work getting an outing.

'Free market' fans pay far too little attention to this issue.