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CANADIAN TAX JOURNAL

Luc Godbout, Suzie St-Cerny, « Are Consumption Taxes Regressive in Quebec? », *Revue fiscale canadienne*, vol. 59, n° 3, 2011, p. 463, 32 pages.

<http://www.fcf-ctf.ca/ctfweb/CMDownload.aspx?ContentKey=eccf6a21-de59-4ff6-8833-068f87018401&ContentItemKey=03a626bd-c8a0-4179-a505-1ecdf3f2b285>

Les taxes à la consommation ne seraient pas régressives, mais au contraire progressives, compte tenu des crédits d'impôts.

● Cette étude remet en question la présomption voulant que les taxes à la consommation — au Québec, la taxe sur les produits et services du gouvernement fédéral (TPS) et la taxe de vente du Québec (TVQ) — soient régressives. À l'aide de l'Enquête sur les dépenses des ménages de Statistique Canada, les auteurs analysent le panier de produits taxables et non taxables des ménages québécois pour chaque quintile de revenu. Leurs résultats montrent que sans les crédits pour TPS/TVQ, les taxes à la consommation sont pratiquement proportionnelles au revenu des ménages; toutefois, avec les crédits, le taux de taxe effectif augmente avec le revenu. Ainsi, les crédits de taxes constituent un outil plus efficace pour améliorer la progressivité des taxes à la consommation que la détaxation des produits alimentaires de base. Finalement, les résultats indiquent aussi que, à l'image de la réduction récente du taux de TPS, une augmentation du taux de TVQ, jumelée à des changements au crédit de TVQ remboursable, profite même aux ménages des quintiles de revenu les plus bas.

Imed Chkir, Samir Saadi, « Dividends and Corporate Governance: The Effect of Canadian Tax Reforms », *Revue fiscale canadienne*, vol. 49, n° 3, p. 495, 32 pages.

<http://www.fcf-ctf.ca/ctfweb/CMDownload.aspx?ContentKey=eccf6a21-de59-4ff6-8833-068f87018401&ContentItemKey=451287eb-d46d-4ce4-82e7-cbe642eb5775>

Analyse de l'impact des changements fiscaux et de la gouvernance d'entreprise sur le versement de dividendes.

● Profitant de deux changements importants apportés à l'imposition des gains en capital au Canada, cet article examine l'interaction entre l'imposition, les distributions de dividendes de société et la gouvernance d'entreprise. Globalement, nos résultats suggèrent que l'imposition a une incidence sur les distributions de dividendes de société. Plus particulièrement, nous constatons que les sociétés publiques canadiennes ont augmenté leurs distributions de dividendes après la réduction de l'exemption pour gains en capital en 1987 et après son élimination en 1994. Nous démontrons comment la gouvernance d'entreprise affecte le niveau de distribution de dividendes suivant un changement apporté à l'imposition.

Plus particulièrement, nous remarquons que les entreprises dont la gouvernance est faible ont augmenté leurs distributions de dividendes après l'élimination de l'exemption pour gains en capital en 1994, alors que celles dont la gouvernance est forte n'ont pas modifié leurs distributions. À l'instar de récentes études américaines, nous observons nous aussi que la réponse des entreprises canadiennes aux changements à l'imposition dépend de la structure de propriété de l'entreprise et de l'identité des actionnaires de contrôle (familles vs investisseurs institutionnels). Nos résultats empiriques démontrent également que la réduction à grande échelle de l'exemption pour gains en capital en 1987 et son élimination en 1994 ont incité des entreprises qui ne versaient pas de dividendes à commencer à le faire.

Antony King, « The Unthinkable Policy Option? Key Design Issues Under a System of Full Consolidation », *Revue fiscale canadienne*, vol. 59, n° 3, 2011, p. 421, 42 pages.

<http://www.fcf-ctf.ca/ctfweb/CMDownload.aspx?ContentKey=eccf6a21-de59-4ff6-8833-068f87018401&ContentItemKey=335e1e10-af7e-4133-a268-96a6f3b31d47>

Analyse comparative des régimes de consolidation adoptés par huit pays, pour l'imposition des groupes de sociétés.

- En 2010, le ministère des Finances du Canada a lancé un processus de consultation visant à considérer l'établissement éventuel d'un régime officiel d'imposition des groupes de sociétés. La consultation s'est concentrée surtout sur le choix du meilleur type de régime pour le Canada. Les deux principales solutions adoptées dans d'autres pays sont le régime de transfert des pertes et le régime de consolidation intégrale. Il est difficile de faire un choix entre les deux régimes. Néanmoins, il est évident que l'intérêt provincial serait mieux servi par le système de consolidation intégrale, particulièrement en ce qui a trait à la question de la répartition interprovinciale du revenu. L'objet de cet article est de fournir une analyse comparative détaillée des régimes de consolidation adoptés dans huit pays : l'Australie, la France, l'Italie, le Japon, les Pays-Bas, la Nouvelle-Zélande, l'Espagne et les États-Unis. Ce sont les pays qui, dès la fin de 2009, avaient introduit des régimes de consolidation intégrale touchant à la fois la compensation des pertes à l'intérieur d'un groupe et les transferts d'actifs en franchise d'impôt. L'article fait une comparaison critique des options de politique alternatives en ce qui a trait aux paramètres de conception et aux principaux aspects structurels des huit régimes de consolidation choisis dans le but de trouver un système pouvant servir de modèle ou de base quant à l'élaboration d'un régime canadien. En réponse aux préoccupations touchant l'apparente complexité d'un régime de consolidation, l'article classe les huit régimes au moyen d'un indice de complexité. Cet exercice a pour but de souligner deux aspects de la question : premièrement, les huit régimes représentent un éventail des divers degrés de complexité, permettant de croire qu'un régime de consolidation n'a pas besoin d'être aussi complexe que les modèles australien et américain; et deuxièmement, la complexité d'un régime dépend en grande partie des choix de politique à l'égard des principaux aspects structurels.

C.D. HOWE INSTITUTE

Colin Busby, Benjamin Dachis et Bev Dahlby, *Rethinking Royalty Rates: Why There Is a Better Way to Tax Oil and Gas Development*, Commentary no. 333, 14 septembre 2011, 36 pages.

http://www.cdhowe.org/pdf/commentary_333.pdf

Revenus du pétrole et du gaz: les provinces devraient s'appuyer davantage sur les revenus de vente aux enchères des droits d'exploration que sur les revenus tirés des redevances.

- The system of taxing oil and gas in Canada consists of two main elements: an auction payment, known as a bonus bid, where firms purchase rights to explore and drill for Crown-owned resources for a specified period of time; and royalties that apply to the value of resources extracted. Governments levy these resource taxes – over and above other taxes on income – to capture an appropriate share of the revenues earned from the extraction and sale of a natural resource. In 2007, Alberta announced it would increase royalty rates on oil and gas production, which reduced the rewards to companies from oil and gas extraction, and therefore reduced the amount they were willing to pay to explore and develop new resource projects. Because government revenues from resource extraction rely on both up-front auctions and royalties upon production, any increase in the latter should naturally reduce government revenues from the former. This Commentary investigates the effect of royalty rate increases on bonus bids and the mix of revenue tools that apply to the

development of natural resources. To measure the effect of the change in Alberta's royalty rates, we look at its effect on bonus bid values by comparing bonus bids near Alberta's borders with British Columbia and Saskatchewan, provinces that did not change their royalties. Comparing bids for otherwise similar geographical and geological areas — where resource deposits are of similar quality and labour and capital are mobile — we find that Alberta government revenues collected through bonus bids declined by nearly as much as the projected increase in royalty payments. We recommend that provinces reduce their reliance on royalties and increase their reliance on bonus bids in the conventional oil and gas industry. Increasing reliance on bonus bids could make government revenues more predictable and help policymakers better understand that resource revenues are akin to asset sales. Further, increased reliance on bonus bids will reduce the economic distortion caused by royalties. Where possible, provinces should also adopt less distortionary cashflow taxes.

Mark Parsons, *Rewarding Innovation: Improving Federal Tax Support*, Commentary no. 334, 21 septembre 2011, 28 pages.

http://www.cdhowe.org/pdf/Commentary_334.pdf

La politique fiscale actuelle encourage les entreprises à encourir des dépenses de RS&DE au Canada, mais les retombées nettes sur l'économie canadienne sont très faibles.

- Business innovation is viewed by many as a solution to Canada's ailing productivity performance. One of the more troubling aspects of Canada's innovation track record is that businesses spend relatively little on research and development (R&D) despite having access to some of the world's most generous R&D tax incentives. Canada's low levels of business R&D have called into question the effectiveness of Canada's generous R&D tax incentives, particularly the flagship federal Scientific Research and Experimental Development (SR&ED) program. A deeper analysis, however, reveals that tax incentives are effective in stimulating more R&D – that is, Canada would have lower levels of business R&D in the absence of these inducements. Instead, the root cause of Canada's business R&D deficit appears to stem from structural aspects of the economy and, more importantly, a lack of demand-related pressure to pursue innovation. The rationale for R&D tax incentives rests on the notion that R&D undertaken by individual firms creates knowledge benefits that “spill over” to the Canadian economy. To determine whether tax incentives create value for the overall economy, one must establish whether the additional R&D generated produces large enough spillover benefits to offset the associated costs: tax administration, compliance and the costs of financing the incentive. Weighing the costs and benefits, the available evidence suggests that the SR&ED tax incentive program has generated a narrow net benefit to Canada. But there are two important caveats. First, there is a great deal of uncertainty regarding the size of this net benefit, given the wide range in estimates from the literature, particularly those relating to spillovers. Second, the observation of a net benefit does not imply that the current SR&ED incentives are optimal, or that improvements cannot be made. If anything, the sensitivity of the results indicates that the SR&ED program is highly susceptible to falling into the “net loss” category in the absence of change. So what should be done? Tax policy should be focused on creating a balanced and competitive tax environment across the entire innovation value chain, from initial R&D through commercialization to the development and production of new products and services. The current system of tax support is front-end loaded, pushing firms to undertake R&D through upfront subsidies. At the same time, the rewards generated by R&D and other innovative activities are taxed at rates above many countries, creating a disincentive to commercialize and develop new products and services in Canada. Indeed, among OECD countries, Canada offers the third-most generous subsidies for R&D investment, but is in the middle of the pack in terms of the overall competitiveness of its business tax regime, after accounting for recent and planned corporate tax cuts. This Commentary introduces some federal tax policy considerations to spur innovation. The federal government should continue to focus its efforts on market “pull” factors by ensuring taxes on income derived from patents and subsequent production of new products and services (the fruits of R&D) are kept at internationally competitive levels. The federal tax regime should also not discourage the growth of small firms into larger, globally competitive companies.



ÉTATS-UNIS

CONGRESSIONAL BUDGET OFFICE

Congressional Budget Office, témoignage du directeur Douglas W. Elmendorf devant le Joint Select Committee on Deficit Reduction du Congrès des États-Unis, *Confronting the Nation's Fiscal Policy Challenge*, 13 septembre 2011, 47 pages.

<http://www.cbo.gov/ftpdocs/124xx/doc12413/09-13-FiscalPolicyChallenges.pdf>

Les politiques fiscales et budgétaires devront changer significativement afin de réduire le déficit à un niveau acceptable.

- The federal government is confronting significant and fundamental budgetary challenges. If current policies are continued in coming years, the aging of the population and the rising cost of health care will boost federal spending, as a share of the economy, well above the amount of revenues that the federal government has collected in the past. As a result, putting the federal budget on a sustainable path will require significant changes in spending policies, tax policies, or both. The task of addressing those formidable challenges is complicated by the weakness of the economy and the large numbers of unemployed workers, empty houses, and underused factories and offices. Changes that might be made to federal spending or tax policies could have a substantial impact on the pace of economic recovery during the next few years as well as on the nation's output and people's income over the longer term.

JOINT COMMITTEE ON TAXATION

Joint Committee on Taxation, *Present Law and Issues In U.S. Taxation of Cross-Border Income*, 6 septembre 2011, 110 pages.

http://www.jct.gov/publications.html?func=download&id=4355&chk=4355&no_html=1

Les problèmes du système actuel d'imposition des revenus étrangers, et pistes de réforme proposées.

- This document provides general background on economic data relating to international trade and U.S. international tax rules applicable to crossborder income both those rules applicable to foreign persons earning income in the United States and those rules applicable to U.S. persons earning income abroad. The document also provides a discussion of issues related to the present-law U.S. tax system and describes aspects of a territorial and full inclusion tax system.

Joint Committee on Taxation, *Present Law and Analysis of Energy-Related Tax Expenditures and Description of the Revenue Provisions Contained In H.R. 1380, The New Alternative Transportation To Give Americans Solutions Act Of 2011*, 20 septembre 2011, 31 pages.

http://www.jct.gov/publications.html?func=download&id=4360&chk=4360&no_html=1

Les difficultés reliées à l'adoption de mesures fiscales efficaces en matière de production d'énergie renouvelable et d'économie d'énergie.

- The House Committee on Ways and Means Subcommittee on Select Revenue Measures and Subcommittee on Oversight have scheduled a joint public hearing on September 22, 2011, on the intersection of tax policy and energy policy, with a focus on the dual priorities of comprehensive tax reform and sustainable energy policy. Since 2004, the Congress has been active in promulgating legislation related to energy production (including oil and gas and renewables) and conservation. Part I of this document, prepared by the staff of the Joint Committee on Taxation, provides tables that summarize present-law energy-related Federal tax incentives. Part II of this document provides a brief discussion of the economic rationale for certain government intervention in energy markets through the tax code, and issues related to the proper design of such tax preferences. These tax expenditures create incentives that have the potential to affect economic

decisions and allocate economic resources from other uses to the tax-favored uses. Such tax preferences may produce an allocation of resources that is more efficient for society at large if they are properly designed to overcome negative effects (such as atmospheric pollution, for example) that would otherwise result from a purely market based outcome without any government intervention. Tax expenditures for energy production and conservation have been criticized for lacking well defined objectives, and for lacking coordination among provisions having similar objectives. Some argue that the simultaneous existence of tax preferences for the fossil fuel industry and for renewable energy production represents a conflicting government policy. Others have noted that the incentives for renewable energy and conservation are not themselves designed in a coordinated way to produce the most efficient or equitable subsidies for renewable energy and conservation. Part III of this document describes the revenue provisions contained in H.R. 1380, the New Alternative Transportation to Give Americans Solutions Act of 2011.

Joint Committee on Taxation, *Present Law, Data, and Analysis Relating to Tax Incentives for Homeownership*, 30 septembre 2011, 35 pages.

http://www.jct.gov/publications.html?func=download&id=4366&chk=4366&no_html=1

Les incitatifs fiscaux à l'accès à la propriété sont-ils justifiés?

■ The Senate Committee on Finance has scheduled a public hearing on October 6, 2011, entitled "Tax Reform Options: Incentives for Homeownership." This document, prepared by the staff of the Joint Committee on Taxation ("Joint Committee staff"), provides general background on the tax incentives for homeownership. The first part of this document describes the tax provisions that offer incentives for homeownership. The second part provides a discussion of the economic incentives and data related to homeownership. Several provisions of the Code provide favorable tax treatment to homeowners. These include: (1) the home mortgage interest deduction; (2) the deduction for real property taxes; (3) the exclusion of gain from sale of a principal residence; (4) tax-exempt bonds for owner occupied housing; (5) mortgage credit certificates; (6) qualified first-time homebuyer distributions from an individual retirement plan; (7) exclusion from gross income of the rental value of parsonages and military housing allowances; (8) exclusion from gross income of discharge of certain qualified principal residence indebtedness; and (9) the District of Columbia homebuyer tax credit. While economists generally reason that subsidies may lead to inefficient outcomes, a rationale to subsidize homeownership may exist if there are spillover benefits ("externalities") that accrue to someone other than the homeowner. For example, if homeowners maintain their homes better than renters, this may benefit others in the form of aesthetics or in fostering other desirable neighborhood characteristics such as lower crime. Part two of this document includes a review of the economic literature related to identifying and measuring the externalities of homeownership.

Joint Committee on Taxation, *Tax Incentives for Research, Experimentation, and Innovation*, 16 septembre 2011, 22 pages.

http://www.jct.gov/publications.html?func=download&id=4358&chk=4358&no_html=1

Analyse de l'effet des politiques fiscales américaines sur le développement des activités de RS & DE.

■ The Committee on Finance has scheduled a public hearing on September 20, 2011, concerning Federal tax incentives for research, experimentation, and innovation. This document, prepared by the staff of the Joint Committee on Taxation, provides a summary and analysis of the present law Federal income tax rules designed to encourage these activities. Technological development is an important component of economic growth. However, although an individual business may find it profitable to undertake some research, it may not find it profitable to invest in research as much as it otherwise might because it is difficult to capture the full benefits from the research and prevent such benefits from being used by competitors. In general, businesses acting in their own self-interest will not necessarily invest in research to the extent that would be consistent with the best interests of the overall economy. The reason for this behavior is because costly scientific and technological advances made by one firm may be cheaply copied by its competitors. Research is one area where economists agree that government intervention in the marketplace may improve overall economic efficiency. However, increased tax benefits or more government spending for research may not always improve economic efficiency. It is possible to decrease economic efficiency by spending too much on research. Nonetheless, there is evidence that the current level of research undertaken in the United States, and worldwide, is lower than the efficient level. Nevertheless, even if there were agreement that additional subsidies for research are warranted as a general matter, misallocation of

research dollars across competing sectors of the economy could diminish economic efficiency. It is difficult to determine whether increasing the current levels of government subsidies for research activities while retaining the current allocation of such subsidies would increase or decrease overall economic efficiency. If it is believed that too little research is being undertaken, a tax subsidy is one method of offsetting the private-market bias against research, so that the quantity of research projects undertaken approaches the optimal level. Policies employed by the Federal government to increase the aggregate level of research activities are direct spending and grants, favorable antitrust rules, and patent protection, among others. The effect of tax policy on research activity is largely uncertain because there is relatively little consensus regarding the magnitude of the responsiveness of research to changes in taxes and other factors affecting its price. To the extent that research activities are responsive to the price of research activities, the research and experimentation tax credit should increase research activities beyond what they otherwise would be. However, the present-law research credit contains certain complexities and compliance costs that may obscure this effect.

U.S. SENATE COMMITTEE ON FINANCE

Organization for Economic Cooperation and Development, Testimony of Dr. Dirk Pilat before the U.S. Senate Committee on Finance, *The International Experience with R&D Tax Incentives*, 20 septembre 2011, 22 pages.
<http://finance.senate.gov/imo/media/doc/OECD%20SFC%20Hearing%20testimony%209%2020%2011.pdf>

Les enjeux en recherche et développement : une perspective internationale.

- Innovation is well known to be an important driver of economic growth and investments in R&D are among the factors that drive innovation. Many governments encourage business investment in R&D, often with the aim of correcting or alleviating two main market failures: 1) Difficulties by firms to fully appropriate the returns to their investment. Returns on investments in R&D are difficult to appropriate by firms as some of the resulting knowledge will leak out or “spill over” to other firms, to the benefit of society. This leads firms to ‘underinvest’ in innovation. Policy instruments such as intellectual property rights, grants, and R&D tax incentives can help address this problem. 2) Difficulties in finding external finance, in particular for small start-up firms. Innovation is a highly uncertain activity with large differences in the information available to inventors compared to investors. This may imply that external capital for innovation will only be available at a high cost. In recent years, several governments have also started to use innovation policies to attract R&D activities of multinational corporations. The reason is that in a context of growing internationalization of R&D activities, government support might make a country a relatively more attractive location for R&D investments than its competitors. However, the available evidence suggests that government support is often only of minor importance for the decisions of multinationals to locate their R&D facilities in a particular country; other factors such as access to markets and to a country’s knowledge base, or the availability of researchers tend to be more important. Tax incentives for R&D are often considered to have some advantages over direct support for R&D, including procurement of R&D or grants. They are a market based tool that aims at reducing the marginal cost to firms of R&D activities, leaving firms to decide on which R&D projects to fund. Tax incentives for R&D are expected to lead to an increase in private investment in R&D, which in turn should lead to an increase in innovation outcomes and ultimately to an increase in long run growth. The policy might also have indirect effects, e.g. on raising the wage level of researchers as more R&D increases demand for their skills, on the (re)location of R&D activities and on R&D startup decisions. Tax incentives, as other forms of direct funding, entail potential deadweight losses, since they might support R&D activities that would have taken place even in the absence of support. The design of the support schemes should therefore aim at minimizing these deadweight losses (OECD, 2006a). This testimony will first look at the use of tax incentives for R&D investment in the OECD area and a few emerging economies and then examine the international evidence on the impacts of R&D tax incentives.

TAX POLICY CENTER

Donald Marron, *Energy Policy and Tax Reform*, Urban-Brookings Tax Policy Center, 22 septembre 2011, 12 pages.
<http://www.urban.org/uploadedpdf/901452-Energy-Policy-and-Taxes.pdf>

Comment utiliser les incitatifs fiscaux afin de promouvoir une politique énergétique responsable.

■ Lawmakers have used the tax code to influence energy markets for almost a century. Because of ongoing concerns about climate change, energy security, and other risks associated with energy use, many observers believe that lawmakers should continue to use the tax system as a tool of energy policy. Some recommend tax breaks for domestic energy production. Some recommend incentives for cleaner ways of producing and using energy. And some recommend increasing existing taxes (e.g., on gasoline) or introducing new ones (e.g., on carbon emissions) to discourage energy use and its negative consequences. Those suggestions come at a time of increased concern about the complexity and inefficiency of our tax system. Many observers have become skeptical of the way social and economic policies are implemented in the tax code. There is also rising concern about America's daunting fiscal outlook. For both reasons, there have been calls from across the political spectrum to cut back on tax preferences and use the resulting revenue to lower tax rates, reduce future deficits, or adopt some combination of the two. As lawmakers consider such proposals, they will need to consider how tax reform, fiscal concerns, and energy policy interact. My testimony offers an economic framework for thinking about these interactions.

Allison Rogers et Eric Toder, *Trends in Tax Expenditures, 1985-2016*, 16 septembre 2011, 9 pages.
<http://www.urban.org/uploadedpdf/412404-Tax-Expenditure-Trends.pdf>

Analyse des tendances des 25 dernières années relativement aux dépenses fiscales.

■ The landmark Tax Reform Act of 1986 greatly changed the cost of tax expenditures. The revenue lost to tax expenditures declined sharply after enactment of the 1986 Act, falling from nearly 9 percent of total GDP in fiscal year 1985 to 6 percent in 1988. Since then, tax expenditures have gradually increased as a share of GDP but have remained below the 1985 level. Furthermore, the composition of tax expenditures has changed significantly. The authors used as data the annual list of tax expenditures of the Department of Treasury and analyzed the trends in tax expenditure over the last 25 years. After noticing trends in those expenditures, they estimated the results for the next 5 years.

William G. Gale, *Tax Reform Options: Promoting Retirement Security*, 15 septembre 2011, 11 pages.
<http://www.urban.org/uploadedpdf/901448-Gale-Tax-Reform-Options.pdf>

Promouvoir l'épargne-retraite en instaurant un crédit remboursable versé directement dans le compte d'épargne-retraite.

■ The testimony discusses a proposal that would reform public policies toward retirement saving by replacing the current deduction for contributions to retirement saving accounts with a flat-rate refundable credit that would be deposited directly into the saver's account. The proposal would (a) address long-standing concerns in the retirement saving system by improving incentives for most households to participate and by raising national saving, (b) offset pressures created by the current weak economy for households to reduce their retirement saving, (c) help solve the long-term fiscal problem facing the country by raising \$450 billion over the next decade in a manner that is consistent with the principles of broad-based tax reform and distributes the fiscal burden in a progressive manner.

Leonard E. Burman, *Tax Reform Options: Marginal Rates on High-Income Taxpayers, Capital Gains, and Dividends*, 14 Septembre 2011, 18 pages.
<http://www.urban.org/uploadedpdf/901447-Burman-Tax-Reform-Options.pdf>

Propositions pour rendre le code des impôts plus simple, plus équitable et favorable à la croissance économique.

■ The author discusses a proposal which examines ways to make the tax code simpler, fairer and more conducive to economic growth. The author makes the following statements. 1) The optimal top tax rate depends on social norms and the government's revenue needs. 2) Broaden the base (reform or eliminate tax expenditures and eliminate loopholes) to achieve distributional goals while keeping top rates relatively low would be efficient to increase economic growth. 3) To tax capital gains at the same rate as other income, combined with a substantial reduction in tax expenditures, would allow for a cut in top income rates while maintaining the progressivity of the tax system. 4) Concerns about tax avoidance

activities of multinationals (e.g., moving headquarters and jobs overseas) would argue for fully taxing dividends and using the revenue raised to cut corporate tax rates. 5) The IRS should produce a tax and subsidy report for all filers showing what their true tax liability is (before tax expenditures) as well as the value of their tax subsidies. In conclusion, allowing the top tax rates to return to their pre-2001 levels after the economy has recovered would not be economically disastrous and might help build support for tax reform that would broaden the base and lower rates while maintaining the progressivity of the tax system.

CENTER ON BUDGET AND POLICY PRIORITIES

Paul Van de Water, Chye-Ching Huang, Chuck Marr, Chad Stone et Brian Highsmith, *“Supercommittee” Should Develop Balanced Package of Tax Increases and Spending Cuts*, 27 septembre 2011, 9 pages.

<http://www.cbpp.org/files/9-27-11tax.pdf>

La réduction des dépenses publiques doit être jumelée à une augmentation de l'imposition des contribuables.

- The new congressional committee on deficit reduction (the so-called "supercommittee") not only can consider revenue increases, but must consider them — as well as spending cuts — if it's going to produce a balanced plan. There are five main reasons why. 1- Spending cuts alone can't do the job. The key fiscal policy goal is to reduce deficits sufficiently to stabilize the debt relative to the size of the economy. The only way to accomplish this without severe cuts that would hit low- and middle-income Americans hard — in areas ranging from Medicare, Medicaid, and possibly Social Security to basic assistance for the poor — and weaken core government functions like education, scientific research, and ensuring safe food and water, is through revenue increases. 2- The 2001-2003 tax cuts are a significant contributor to projected deficits. Letting some or all of those tax cuts expire would make a significant contribution to reducing the deficit. 3- Higher-income people can and should share in the sacrifices needed to reduce long-term deficits. Low- and moderate-income households shouldn't be forced to bear a disproportionate share of the burden through cuts in Medicare, Medicaid, Social Security, and programs targeted on people who are poor or near-poor. 4- Taxes are low both in historical terms and in comparison with other countries. By either standard, the United States has significant room for increasing tax revenues. 5- Higher taxes are not an inherent barrier to economic growth. In fact, the Congressional Budget Office (CBO) has said that tax increases used to reduce budget deficits can improve long-term economic growth and job creation. The experience of the 1990s shows that claims that reasonable revenue increases will sink the economy largely reflect politics and ideology, not solid analysis.

Micheal Mazerov, *Proposed « Digital Goods and Services Tax Fairness Act » Likely to Do More Harm Than Good in Current Form*, 11 août 2011, 23 pages.

<http://www.cbpp.org/files/8-11-11sfp2.pdf>

Commentaire sur le projet de loi en matière d'imposition des biens numériques.

- The Digital Goods and Services Tax Fairness Act of 2011 (S. 971/H.R. 1860) would regulate state and local taxation of downloaded music and movies and online services like photo storage and payroll processing. One section of the legislation — a set of so-called “sourcing rules” specifying which jurisdiction(s) can tax the interstate sale of a digital good or service — has the potential to benefit consumers and sellers of such items, as well as state and local governments, if it is reworked. As currently drafted, however, the sourcing rules and most other provisions of the bill would reduce state and local tax revenues even as states and localities struggle to fund critical services like education, health care, and public safety. The measure would also seriously disrupt fundamental features of state and local sales taxation of digital and non-digital goods and services alike. This is worrisome, because sales taxes supply nearly a quarter of all state and local tax receipts.

INSTITUTE ON TAXATION AND ECONOMIC POLICY (ITEP)

ITEP, *State Tax Codes As Poverty Fighting Tools: 2011 Update on Four Key Policies in All 50 States*, septembre 2011, 25 pages.

<http://www.itepnet.org/pdf/poverty2011report.pdf>

Des propositions aux états pour réduire le fardeau fiscal des ménages à faible revenu.

■ For millions of low-income families, the daily challenges of the recent national recession show no sign of abating. Astonishingly, state tax policies in virtually every state are making this problem worse rather than better. Almost every state imposes higher effective tax rates on low-income families than on upper- and middle-income taxpayers. Despite this unlevel playing field state tax systems already create for their poorest residents, many states, faced with ongoing budget crunches, have been trying to close their fiscal gaps by raising taxes even higher on the lowest earners. Just as tax systems and policy choices can push individuals and families further into poverty, there are tax tools available that can help them move out of poverty. In most states, truly remedying state tax unfairness would require fundamental tax reform. Short of this, however, lawmakers should utilize their states' tax systems as a means of providing affordable, effective and, importantly, targeted assistance to the growing number of people living in poverty. This report presents a comprehensive view of anti-poverty tax policy decisions made in the states in 2011 and offers recommendations every state should consider to help families rise out of poverty. States can jump-start their anti-poverty efforts by enacting one or more of four proven and effective tax reforms: refundable state Earned Income Tax Credits, property tax circuit breakers, targeted low-income credits, and child-related tax credits.

NATIONAL TAX JOURNAL

Nicholas Turner, « The Effect of Tax-Based Federal Student Aid on College Enrollment », *64 National Tax Journal* 839-61 (Septembre 2011), 24 pages.

[http://ntj.tax.org/wwtax/ntjrec.nsf/06ACF958A6B9036785257914004B1D3D/\\$FILE/A04-Turner.pdf](http://ntj.tax.org/wwtax/ntjrec.nsf/06ACF958A6B9036785257914004B1D3D/$FILE/A04-Turner.pdf)

Quantifier l'impact sur la classe moyenne américaine des mesures fiscales facilitant l'accès à l'éducation postsecondaire.

● Tax-based federal student aid — the Hope Tax Credit, Lifetime Learning Tax Credit, and Tuition Deduction — marks a new paradigm for federal aid by offering tax incentives for postsecondary enrollment for the middle class. I exploit policy-induced variation in tax-based aid eligibility to estimate its causal effect on college enrollment. I find that tax-based aid increases full-time enrollment in the first two years of college for 18 to 19 years old by 7 percent. The price sensitivity of enrollment suggests that college enrollment increases 0.3 percentage points per \$100 of taxbased aid. The programs do not appear to substantively affect part-time enrollment in the first two years of college.

ROYAUME-UNI

INSTITUTE FOR FISCAL STUDIES

Institute for fiscal studies, *Fiscal studies*, vol. 32, n° 3, septembre 2011.

<http://onlinelibrary.wiley.com/doi/10.1111/fisc.2011.32.issue-3/issuetoc>

Numéro spécial de *Fiscal studies* portant sur le « Mirrlees Review », le rapport sur la réforme du système fiscal britannique.

En novembre 2010 était rendu public le « Mirrlees Review », intitulé *Tax by Design*, un rapport d'experts qui proposait une réforme complète du système fiscal britannique. Le Bulletin de veille (vol. 5, n° 2) vous l'avait présenté comme le

« Rapport Carter » britannique. Ce numéro spécial de la revue *Fiscal studies* présente plusieurs articles qui répondent, commentent ou poursuivent la réflexion du rapport Mirrlees.

James Mirrlees, Stuart Adam, Timothy Besley, Richard Blundell, Stephen Bond, Robert Chote, Malcolm Gammie, Paul Johnson, Gareth Myles et James Poterba, « The Mirrlees Review: Conclusions and Recommendations for Reform », *Fiscal Studies*, vol. 32, n° 3, pp. 331–359, 15 septembre 2011, 29 pages.
<http://onlinelibrary.wiley.com/doi/10.1111/j.1475-5890.2011.00140.x/pdf>

Dans ce numéro spécial : résumé des conclusions et recommandations du « Mirrlees Review »*.

● This paper provides a summary of the conclusions and recommendations of the Mirrlees Review of the UK tax system. The characteristics that a good tax system should possess are described and used to assess the current UK system. A package of reforms for the UK system which will move it closer to the ideal is proposed. Issues related to transition and to practical implementation of the reform package are discussed.

*Pour le texte intégral du Mirrlees Review : <http://www.ifs.org.uk/mirrleesReview/design> .

INTERNATIONAL

TAX NOTES INTERNATIONAL

Alain Charlet et Luc Godbout, « Consumption Taxes in Québec: Issues, Perceptions, And Perspectives », *Tax Notes International*, vol. 63, n° 1, 4 juillet 2011, 6 pages.

Reproduit sur le site de la Chaire : http://www.usherbrooke.ca/chaire-fiscalite/fileadmin/sites/chaire-fiscalite/documents/Taxes_a_la_consommation/63TI0061_Charlet_Godbout.pdf

Synthèse de la journée de réflexion sur les taxes à la consommation au Québec.

● On March 18 the Research Chair in Taxation and Public Finance of the Université de Sherbrooke and the Québec Association of Economists (ASDEQ Montreal) organized — under the aegis of Prof. Luc Godbout — a conference that reflected on the future of consumption taxes, especially regarding Québec. The conference was opened by the deputy minister of finance of Québec, Alain Paquet. Québec is unique in that it combines a European style social model with a North American tax structure. The welfare state guarantees a certain form of equality among citizens. The weight of personal income tax in proportion to the GDP is the highest in the G-7 (13.6 percent for 2008). Québec survived the recession relatively well. However, it is facing a major demographic challenge: The age pyramid is reversing. The baby boomers' generation is starting to retire in great numbers while the pool of potential workers — the population aged between 15 and 64 years — will slowly decline beginning in 2013. This is quite a challenge for a country in which half of the tax burden lies on personal income tax and social security contributions (that is, mostly on individuals). This raises the question of the relevance of a change in the tax mix — a revision of the composition of the tax burden for collecting an equivalent overall amount of tax revenues. Should a new balance be found between social contributions, direct taxes, and indirect taxes? Is it possible to continue to support social programs? In other words, is it possible to promote economic growth without dismantling the welfare state, which is also guaranteeing the social and political stability of the country? Will Québec save its cultural heritage founded on solidarity? This is not only an issue for Québec but for most developed countries where the welfare state is often perceived as the cement of social cohesion.

ORGANISATION DE COOPÉRATION ET DE DÉVELOPPEMENT ÉCONOMIQUES

OCDE, « Environmental Taxation a Guide for Policy Makers », septembre 2011, 12 pages.
<http://www.oecd.org/dataoecd/17/7/48164926.pdf>

Défis et avantages des taxes environnementales.

- Environmental challenges are increasing the pressure on governments to find ways to reduce environmental damage while minimising harm to economic growth. Governments have a range of tools at their disposal, including regulations, information programmes, innovation policies, environmental subsidies and environmental taxes. Taxes in particular are a key part of this toolkit. Environmental taxes have many important advantages, such as environmental effectiveness, economic efficiency, the ability to raise public revenue, and transparency. Also, environmental taxes have been successfully used to address a wide range of issues including waste disposal, water pollution and air emissions. Regardless of the policy area, the design of environmental taxes and political economy considerations in their implementation are crucial determinants of their overall success.

OCDE, « Corporate Loss Utilisation through Aggressive Tax Planning », 12 août 2011, 92 pages.

(Livre à commander) : http://www.oecd.org/document/61/0,3746,en_2649_33767_48570813_1_1_1_1,00.html

L'utilisation des pertes corporatives par des planifications fiscales agressives : stratégies de réponse mises en place par les États.

- Corporate losses raise compliance risks if aggressive tax planning is used as a means of increasing or accelerating tax relief in ways not intended by the legislator, or to generate artificial losses. This report describes the size of loss carry-forwards, the rules applicable in relation to losses, and identifies the following risk areas: corporate reorganisations, financial instruments and non-arm's length transfer pricing. After having summarised aggressive tax planning schemes on losses, as well as country detection and response strategies, it offers a number of conclusions and recommendation for tax administration and tax policy officials.

SOCIAL SCIENCE RESEARCH NETWORK

Arthur J. Cockfield, « International Tax Competition: The Last Battleground of Globalization », *Tax Notes International*, volume 63, numéro 12, 19 septembre 2011, 5 pages.

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1931079

Les États-Unis doivent revoir leur système fiscal afin de le rendre plus compétitif.

- Increasingly linked by regional and global ties, national economies depend more than ever on international investments and trade. While trade and investment have become international, however, taxation has remained national, preserving and strengthening one of the few remaining barriers to cross-border economic flows. Given their general unwillingness to be bound by multilateral tax agreements, governments increasingly study the tax policies in place elsewhere to ensure that their tax rules governing the treatment of cross-border investments are 'competitive' with those of foreign tax regimes. To highlight the relevant policy issues, the article discusses the challenges of taxing one cross-border investment, namely the Hollywood blockbuster movie 300, which was loosely based on Herodotus' account of the Battle of Thermopylae in *The Histories*. A final section touches on the ways that international tax policy analysis struggles to identify optimal laws and policies given the reality of a non-cooperative government setting.

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