



## Chaire en fiscalité et en finances publiques

# Bulletin de veille

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## CANADA

### FRASER INSTITUTE

P. Cross et J. Emes, « [Comparing the Costs of the Canada Pension Plan with Public Pension Plans in Ontario](#) », 2 février 2016, 12 p.

Le Régime de pension du Canada (RPC) coûte proportionnellement plus cher à administrer que le Régime de retraite de la province de l'Ontario (RRPO)

Proponents of the CPP and those who argue for its expansion often claim it has low costs and economies of scale, whereby the ratio of costs to assets declines as the value of assets under management grows. This paper examines that claim by comparing the total costs (investment and administrative) of the CPP with five other large public pension plans based in Ontario including the Ontario Teachers' Pension Plan (OTPP), the Ontario Municipal Employees Retirement System (OMERS), the Healthcare of Ontario Pension Plan (HOOPP), the Ontario Pension Board (OPB), and the OPTrust.

Overall, the paper finds no systematic relationship between the size of pension plan assets and their cost (measured as a percentage of assets). The CPP, the largest plan with \$269 billion of

assets, had the highest expense ratio at 1.07% of its assets on average for the whole period between 2009 and 2014. The OTPP, the next largest plan at \$154 billion of assets, had the fourth highest average expense ratio (0.63%)

### INSTITUT C.D. HOWE

A. Laurin, « [The High Cost of Getting Ahead: How Effective Tax Rates Affect Work Decisions by Lower-Income Families](#) », 11 février 2016, 12 p.

Les taux effectifs marginaux d'imposition constituent un frein à l'entrée sur le marché du travail

Secondary earners in low-income families, usually the mother, face punishingly high tax burdens, according to the latest report from the C.D. Howe Institute. In "The High Cost of Getting Ahead: How Effective Tax Rates Affect Work Decisions by Lower-Income Families," author Alexandre Laurin finds that various federal and provincial government benefit programs, once they are clawed back with income, act like hidden tax rates, reducing the gains from work.



# ÉTATS-UNIS

## BROOKINGS INSTITUTE

D. Marron et A. Morris, « [How to Use Carbon Tax Revenues](#) », 23 février 2016, 12 p.

Quatre objectifs pour l'utilisation efficace des revenus croissants provenant des taxes sur le carbone

How should governments use the considerable revenue carbon taxes can raise? There are many options for cutting other taxes, increasing spending, or reducing borrowing. We organize the options into four goals: 1) offset the new burdens that a carbon tax places on consumers, producers, communities, and the broader economy; 2) support further efforts to reduce greenhouse gas emissions; 3) ameliorate the harms of climate disruption; and 4) fund unrelated public priorities. We identify important tradeoffs across the goals and make several recommendations for policy design. Revenue neutrality, for example, can assuage public concerns about expanding government, but spending may be better than tax reductions for achieving some goals. We recommend that governments use some revenue to reduce other taxes and to soften the blow to lower-income households, coal workers, and their communities, that they be cautious about using revenues to pursue emissions reductions the tax itself encourages, and that they avoid tight earmarks. Governments should also pay special attention to using revenue in ways that attract and sustain stakeholder and public support for a carbon tax.

## BROOKINGS INSTITUTE

L. Burman et al., « [Financial Transaction Taxes in Theory and Practice](#) », 29 février 2016, 46 p.

Avec une base d'imposition large et un petit taux, une taxe sur les transactions financières rapporterait beaucoup

We explore issues related to a financial transaction tax (FTT) in the United States. We trace the

history and current practice of the tax in the United States and other countries, review evidence of its impact on financial markets, and explore the key design issues any such tax must address. We present new revenue and distributional effects of a hypothetical relatively broad-based FTT in the United States, finding that, at a base rate of 0.34 percent, it could raise a maximum of about 0.4 percent of GDP (\$75 billion in 2017) in a highly progressive manner.

## THE JOINT COMMITTEE ON TAXATION

The Joint Committee on Taxation, « [Present Law And Recent Global Developments Related To Cross-Border Taxation](#) », 23 février 2016, 100 p.

L'environnement fiscal international en 2016 et ses implications pour les États-Unis : le cas de l'érosion de la base d'imposition et transferts de bénéfices (BEPS)

The House Ways and Means Committee has scheduled a public hearing for February 24, 2016, on the global tax environment in 2016 and its implications for U.S. international tax reform. Parts I and II of this document,<sup>1</sup> prepared by the staff of the Joint Committee on Taxation, describe international principles of taxation and provide an overview of present law related to U.S. taxation of cross-border income. Part III examines selected issues that have arisen as policymakers deliberate U.S. international tax reform, including (1) the competitiveness of the U.S. tax system, (2) economic distortions arising from deferral, (3) shifting of income and business operations, (4) locating deductions in the United States, and (5) inversions. Part IV discusses the Base Erosion and Profit Shifting Project undertaken by the Organization for Economic Cooperation and Development at the request of the Group of Twenty ("OECD/G20 BEPS Project<sup>44</sup>) and the recent European Commission State Aid investigations of certain tax rulings of Member States of the European Union ("EU"). The Appendix includes a press release the European Commission released on October 15, 2015, explaining the findings of its investigation of certain tax rulings issued by Luxembourg to Fiat Finance and Trade and by the Netherlands to

Starbucks, as well as a January 16, 2016, European Commission press release explaining its findings in a case involving the Belgian “excess profits” tax regime.

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## URBAN INSTITUTE

Francis Norton, « [State Tax Incentives for Economic Development](#) », 29 février 2016, 9 p.

Les États américains utilisent les dépenses fiscales pour rester compétitifs tant au niveau local qu'international

State governments often use their tax system to partner with the private sector on economic development initiatives. A key part of their economic development strategy, states use tax incentives as one tool of economic development to compete with other states and globally for investment, jobs, and income. This brief is part of a State and Local Finance Initiative project on state economic development strategies.

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## U.S. TREASURY

Department of the Treasury, « [General Explanations of the Administration's Fiscal Year 2017 Revenue Proposals](#) », février 2016, 283 p.

Propositions de réformes de l'imposition des entreprises aux États-Unis afin de demeurer compétitifs

In the FY 2017 Budget, the President proposes a number of reforms to the Code that would make our tax system more efficient, simpler, and more equitable. With respect to the taxation of business income, the number of special deductions, credits, and other tax preferences provided to businesses in the Code has expanded significantly since the last comprehensive tax reform effort nearly three decades ago. Such tax preferences help wellconnected special interests but do little for economic growth. To be successful in an increasingly competitive global economy, the Nation cannot afford to maintain a tax code burdened with such tax breaks; instead, the Code needs to ensure that the United States is the

most attractive place for entrepreneurship and business growth. Therefore, the Budget includes a detailed set of business tax reform proposals that form the basis of a broad reform that would achieve the following five goals: (1) cut the corporate tax rate and pay for it by making structural reforms and eliminating loopholes and subsidies; (2) strengthen American manufacturing and innovation; (3) strengthen the international tax system; (4) simplify and cut taxes for small businesses; and (5) avoid adding to deficits in the short-term or the long-term. In addition to the elements of tax reform, the Budget includes other business tax proposals that close loopholes, improve compliance, and simplify the tax system. The Administration's receipt proposals begin the process of reforming the Code to help address the challenges faced by working families. These proposals: (1) help make work pay by expanding the Earned Income Tax Credit for workers without qualifying children and creating a new second earner credit; (2) reform and simplify tax incentives that help families save for retirement and pay for college and child care; and (3) reform capital gains taxation to eliminate a loophole that lets substantial capital gains income escape tax forever. They also reduce the deficit and make the tax system fairer by eliminating a number of tax loopholes and reducing tax benefits for higher-income taxpayers.



## INTERNATIONAL

### INSTITUTE FOR FISCAL STUDIES (IFS)

J. Browne, A. Hood et R. Joyce, « [The \(changing\) effects of universal credit](#) », IFS Green Budget, Chapitre 10, 3 février 2016, 28 p.

Rassemblement de 6 mesures pour les familles en un super crédit : les effets et les modifications apportées depuis que la mesure a été proposée

Over the course of this parliament, the government is rolling out the most radical reform to the working-age benefits system for decades. A single means-tested payment, known as universal credit (UC), is being introduced as a replacement for six existing means-tested benefits and tax credits

for those of working age: income support, income-based jobseeker's allowance, income-based employment and support allowance, child tax credit, working tax credit and housing benefit.

The 'legacy' system that UC will replace is largely the product of a history of separate decisions to layer new strands of support on top of what came before: for example, the decisions in the 1970s to create a national system of housing benefit and a new form of support for low-income working families. Previous social security reforms, including the Fowler reforms of the late 1980s and the introduction of the current tax credit system in 2003, stopped far short of the ambitious integration of benefits that UC will bring about. The central point of UC, and the reason for many of its potential advantages, is that it replaces the resulting jumble of separate and overlapping means tests with one integrated assessment of families' entitlements. UC should look more like a system that has been designed from scratch as a coherent whole – as indeed it is.

Unsurprisingly with such a radical structural overhaul, its impacts on the incomes and incentives of different households are complicated. They depend on the precise combination of benefit entitlements that a household has under the legacy system – the product of multiple separate benefit entitlement calculations – which in turn depends on a wide array of household characteristics. The impacts also depend, of course, on the structure of UC that the government chooses. That plan has changed significantly since the idea of UC was first set out. In particular, the so-called 'work allowances' – the amounts working families can earn before UC starts to be withdrawn – have been repeatedly reduced relative to the initial UC proposal, significantly cutting the amount of support that UC will give to low-income working families.

The main purpose of this chapter is to set out the impacts on incomes and incentives of introducing UC, given the current (substantially revised) plans for how UC will look. We also review some of the other very important changes that will be associated with the introduction of UC, such as the regime of conditionality, and discuss its potential effects on behaviour, such as labour supply and take-up of benefits.

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## INSTITUTE FOR FISCAL STUDIES (IFS)

S. Adam et J. Shaw, « [The Effects of Taxes and Charges on Saving Incentive in the UK](#) », 16 février 2016, 79 p.

### Les effets des réformes de l'imposition des revenus de placement sur l'épargne en Angleterre

Individuals in the UK can save in many forms, such as bank accounts, pensions, housing, shares and Individual Savings Accounts (ISAs). The tax treatment of these different vehicles and underlying assets varies widely and this can affect the attractiveness of saving in different forms for people in different circumstances. Recent years have seen several major reforms to the tax treatment of different forms of saving, and further changes are currently under consideration. It is therefore crucial to understand what the current tax regime and (actual and hypothetical) reforms imply for incentives to save in different forms.

In this report (i) we describe the forms in which household wealth is held, (ii) we set out the effects of the current UK tax system on the incentive to save in different assets, (iii) we consider the implications of a number of reforms due to be introduced or currently under consideration, and (iv) we analyse the effect of two non-tax features – employer matching of pension contributions and fund charges – on the attractiveness of investing in different assets.

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## SOCIAL SCIENCE RESEARCH NETWORK

S. Oei et D. Ring, « [The Tax Lives of Uber Drivers : Evidence From Internet Discussions Forums](#) », 10 février 2016, 73 p.

### Les obligations fiscales des chauffeurs d'Uber : que connaissent-ils et quelles mesures prendre afin de mieux les encadrer?

In this Article, we investigate the tax issues and challenges facing Uber and Lyft drivers by study-



ing their online interactions in three internet discussion forums. Using descriptive statistics and content analysis, we examine (1) the substantive tax concerns facing forum participants, (2) how taxes affect their driving and profitability decisions, and (3) the degree of user sophistication, accuracy of legal advising, and other cultural features of the forums.

We find that while forum participants displayed generally accurate understandings of tax filing and income inclusion obligations, their approaches to expenses and deductions were less accurate and more varied in sophistication and willingness to comply with tax law. Forum participants also frequently discussed whether driving was profitable and exhibited a range of awareness concerning how taxes affected profitability. Finally, while the forums contained a surprising degree of sophisticated and accurate tax and legal advice, they also contained many examples of inaccurate or confusing information. It is thus uncertain whether readers can successfully distinguish between accurate and inaccurate advice dispensed in the forums.

Based on our findings, we make tentative recommendations for effective tax administration in the ridesharing and related sectors, including use of industry-specific guidance, clarification of how existing tax rules apply to ridesharing, and guidance on Form 1099-K interpretation. We analyze the implications of our findings regarding taxes and profitability for Uber's business model and its potential regulation. Finally, we discuss the possible impacts of targeted tax compliance initiatives on internet communities.

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## SOCIAL SCIENCE RESEARCH NETWORK

A. Klofat, « [Corporate Tax Rates and Regional Integration. Evidence from the Transition Countries](#) », 24 février 2016, 30 p.

La baisse des impôts des entreprises en Europe et en Eurasie résulte notamment de l'intégration économique

Corporate tax rates in the industrialized countries have been decreasing for many years. This

decline has been attributed by many scholars to tax competition. In this context, however, less attention has been paid to the relation between regional economic integration and the development of the tax rates. This paper covers this issue concentrating on two integration initiatives in Europe and Eurasia: the European Union and the Eurasian Customs Union/Eurasian Economic Union. I find evidence that the declining corporate tax rates are to various degrees driven by the progressing regional integration within both the EU and the EEU. This paper also shows that the regional integration within the Eurasian Economic Union is, despite significant skepticism expressed from various sides, working in practice.

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## SOCIAL SCIENCE RESEARCH NETWORK

E. McCaffery, « [Taxing Wealth Seriously](#) », 26 février 2016, 92 p.

Les États-Unis n'ont jamais affiché de volonté réelle d'imposer la richesse

The social and political problems of wealth inequality in America are severe and getting worse. A surprise is that the U.S. tax system, as is, is a significant cause of these problems, not a cure for them. The tax-law doctrines that allow those who already have financial wealth to live, luxuriously and tax-free, or to pass on their wealth tax-free to heirs, are simple. The applicable legal doctrines have been in place for nearly a century under the income tax, the primary social tool for addressing matters of economic inequality. The analytic pathways to reform are easy to see once the law is properly understood. Yet our political systems show no serious interest in taxing wealth seriously. We are letting capital off the hook, and ratcheting up taxes on labor, at precisely a time when deep-seated and long-running economic forces suggest that this is precisely the wrong thing to do. It is time -- past time -- for a change. This Article canvasses a century of tax policy in the United States to show that we have never been serious about taxing wealth seriously, and to lay out pathways towards reform.

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