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INSTITUT ÉCONOMIQUE DE MONTRÉAL

Mathieu Laberge, « La comparaison et la concurrence pour améliorer les services municipaux », *Notes économiques*, septembre 2007, 4 pages.

http://www.iedm.org/uploaded/pdf/septembre07_fr.pdf

Les pratiques susceptibles d'améliorer l'efficacité et de réduire le coût des services municipaux

- En juin dernier, la ministre des Affaires municipales du Québec a déposé le projet de loi 22, qui accorde à la Ville de Montréal des pouvoirs accrus de taxation. Si le projet de loi est adopté, la métropole québécoise pourra notamment imposer une taxe sur les billets de spectacles et sur les repas au restaurant. Selon la ministre, ces nouvelles sources de revenus seront attribuées à Montréal parce que « [...] notre métropole doit avoir les moyens de relever les défis qui s'offrent à elle ». Plusieurs municipalités, dont Montréal, réclament en effet une diversification de leurs sources de revenus pour éviter un budget serré ou même déficitaire. Cependant, d'autres solutions à ce problème se trouvent du côté d'un meilleur contrôle de leurs dépenses.

Marcel Boyer et Mathieu Laberge, « La place du secteur privé dans le système de santé québécois : un aperçu des frais existants », *Notes économiques*, août 2007, 4 pages.

http://www.iedm.org/uploaded/pdf/aout_fr.pdf

Note économique sur les frais existants imposés aux usagers du système de santé québécois

- Les possibilités de financement privé dans le secteur de la santé ne cessent de faire le sujet de discussions et souvent de controverse au Québec et ailleurs au Canada. Le comité Castonguay, créé lors du dernier budget, se penche également sur la question et remettra son rapport à l'automne. Dans la foulée de ces discussions, cette Note cherche à faire une mise au point sur les paiements privés déjà existants au Québec et à les classer par catégories afin d'en comprendre la nature.

Yanick Labrie, « Comment expliquer le succès du modèle suédois? », *Notes économiques*, juillet 2007, 4 pages.
http://www.iedm.org/uploaded/pdf/juillet07_fr.pdf

Les leçons à tirer du succès économique de la Suède ces dernières années

- Dans les débats publics portant sur le rôle et le poids de l'État dans l'économie, il est fréquent d'entendre certains intellectuels et politiciens vanter le modèle d'organisation économique et sociale de la Suède, un pays qui parvient à maintenir une croissance économique forte malgré des niveaux de taxation et de dépenses publiques parmi les plus élevés au monde. En effet, depuis le milieu des années 1990, la croissance économique de la Suède surpasse celle de la majorité des pays de l'OCDE, y compris le Canada. Selon les statistiques officielles, le taux d'emploi est plus élevé et l'inflation demeure faible. Les finances publiques se portent bien, la dette publique nette étant parmi les moins élevées au monde.

CANADIAN TAX FOUNDATION

Reuven Avi-Yonah, Tim Edgar, et Fadi Shaheen, « Stapled Securities—“The Next Big Thing” for Income Trusts? Useful Lessons from the US Experience with Stapled Shares », *Revue fiscale canadienne*, vol. 55, nO 2, 42 pages.

<http://www.ctf.ca/ctjindex/07ctj2.asp>

Les limites de la législation sur les fiducies de revenus.

- Le ministère des Finances (« le ministère ») a présenté deux séries distinctes de mesures législatives qui, ensemble, visent à étouffer la demande sur le marché des fiducies de revenu (mais avec des conséquences différentes au chapitre du revenu). Cependant, ni la législation proposée ni l'actuelle Loi de l'impôt sur le revenu ne contiennent de règle visant la nouvelle qualification des capitaux propres. Par conséquent, les résultats fiscaux associés aux structures standards des fiducies de revenu et des fiducies de redevances peuvent encore se matérialiser avec des structures de participation directe où l'utilisation d'une fiducie comme mécanisme de mise en commun est éliminée et où les investisseurs détiennent directement une obligation spéculative à rendement élevé combinée à un nombre déterminé d'actions de l'émetteur. Jusqu'à maintenant, ces structures d'obligation spéculative étaient principalement utilisées à des fins de placement transfrontalier aux États-Unis pour éviter l'impôt sur le revenu des sociétés américain sans perte significative des attributs autres que fiscaux. Mais l'élimination des restrictions sur la détention de biens étrangers dans le cadre de régimes de report du revenu exonéré d'impôt, comme les régimes de pension agréés et les régimes enregistrés d'épargne-retraite, signifie qu'il y a très peu de contrainte dans la législation fiscale à l'acquisition de substituts à ces obligations spéculatives par cette catégorie d'investisseurs dans le contexte canadien. L'article met en lumière l'utilisation de titres combinés (de participation et d'emprunt) comme structure de participation directe pour éviter l'application du traitement fiscal des dividendes à des structures de fiducie de revenu ciblées, comme le prévoit la dernière proposition législative du ministère. Les auteurs laissent entendre que le ministère devra probablement modifier la législation proposée pour tenir compte précisément de ces structures de propriété combinée. Ils montrent comment l'expérience américaine avec des actions combinées, en particulier la réponse législative du Congrès fournit un modèle pratique viable pour les modifications à apporter. Cependant, ce modèle législatif ne porterait que sur les titres combinés dans le cadre de structures intermédiaires. On a aussi besoin d'une certaine forme de règle de nouvelle qualification des capitaux propres pour tenir compte de l'utilisation de participations combinées dans des structures autres qu'intermédiaires pour assurer l'efficacité de la législation proposée.

Willard B. Taylor, Virginia L. Davies et Janice McCart, « Policy Forum: A Subsidiary as a Permanent Establishment of Its Parent », *Revue fiscale canadienne*, vol. 55, no 2, 13 pages.

<http://www.ctf.ca/PDF/07ctj/2007ctj2-taylor.pdf>

Une filiale à l'étranger devrait-elle être considérée comme un établissement stable de la société mère?

- This article considers the implications of the current international debate on when a subsidiary, or its activities, may be a permanent establishment of its parent. The issue has become a pressing one, particularly in Europe, because of the extent to which multinationals locate significant personnel and functions in countries other than the parent's country

of incorporation. The authors analyze this issue in the context of both a Canadian subsidiary and a US subsidiary with reference to relevant domestic law and jurisprudence as well as treaty considerations. They then discuss how profits might be attributed to such an establishment. They conclude by asking whether the “subsidiary as permanent establishment” analysis may, in future, displace more classic transfer-pricing challenges, a question presently being considered in the broader international debate.

INSTITUT C.D. HOWE

Michael Smart, « Lessons in Harmony: What Experience on the Atlantic Provinces Shows About the Benefits of a Harmonized Sales Tax », *Commentary*, no 253, juillet 2007, 21 pages.

http://www.cdhowe.org/pdf/commentary_253.pdf

Les effets bénéfiques du remplacement des taxes de vente provinciales par une taxe harmonisée à la TPS

■ Governments in Canada have recently shown a desire to reduce marginal effective tax rates on capital, with a view to increasing investment and productivity in the economy. But one simple change would have the desired effect on investment at very low revenue cost to governments and would lower the compliance costs to taxpayers: that would be to reform the antiquated provincial retail sales taxes (RSTs) to bring their bases into conformity with that of the federal Goods and Services Tax (GST). My estimates show that provincial RSTs are remarkably high on business inputs, including – and perhaps most important – purchases of capital goods. Taxes on capital are especially undesirable because they have long-lasting effects on the economy by limiting the growth of the capital stock and reducing the long-run growth of productivity and employment. Harmonizing provincial taxes with the GST would eliminate most of this distortion. To show that the investment effects of the reform would be substantial, I estimate the effects of the 1997 Harmonized Sales Tax (HST) reform on business investment and consumer prices in the Atlantic provinces. In keeping with theory, I find that the reform led to significant increases in machinery and equipment investment, in the short run at least, which should raise the capital stock and labour productivity there in the long run. On the basis of the evidence, I conclude that a similar reform in the provinces that still have a retail sales tax would result in increases, possibly substantial, in capital stocks, while there would be very little change in consumer prices.

Duanjie Chen, Jack M. Mintz, Andrey Tarasov, « Federal and Provincial Tax Reforms: Let’s Get Back on Track », *Backgrounder*, juillet 2007, 12 pages.

http://www.cdhowe.org/pdf/backgrounder_102.pdf

Critique de la multiplication des mesures fiscales ciblées, au détriment d’une réduction générale des taux d’imposition des sociétés

● Federal and provincial budgets, for this year, had mixed tax policies. Although some tax measures aimed to reduce rates and broaden tax bases, many governments increasingly rely on targeted tax credits, which complicate the tax system without necessarily improving the prospects for economic growth or fairness. If governments remain on this tax reform path, the accumulation of targeted tax relief measures will have a significant fiscal cost, which could be better used to finance broad rate reductions. Tax rate reductions encourage greater work effort, investment and risk-taking without governments putting themselves in the position of picking winners from losers, a task at which they rarely succeed. Credits have been adopted or enhanced in the past two years for activities such as sports, transit passes, film making, research, labour training and manufacturing and forestry equipment. Tax reductions have also been targeted to small businesses, thereby creating greater opportunities for personal and corporate tax avoidance. A notable exception: New Brunswick, which is revising its far-too-low small business corporate income tax rate, boosting it from 1 to 5 percent. The general philosophy that we need to reduce tax rates and broaden tax bases is being eroded by federal and provincial targeted tax relief. We should get back on track and pursue the objective of having a simple, transparent and fair tax base with low, internationally competitive tax rates.

Jack M. Mintz, « 2007 Tax Competitiveness Report: A Call for Comprehensive Tax Reform », *Commentary*, septembre 2007, 23 pages.

http://www.cdhowe.org/pdf/commentary_254.pdf

Regard sur l'efficacité et la compétitivité du système fiscal canadien

■ Canada in recent years has made slow but steady progress in improving its tax system, by shifting taxes away from productivity-enhancing investment and savings. However, many federal and provincial tax measures represent targeted preferences, and some are only temporary, and this risks driving resources away from highly productive ventures and toward politically favoured economic activities. Comprehensive tax reform would make the tax system more efficient and fair by reducing rates, broadening bases and relying more on consumption and user-pay related taxes, including environmental taxes. Relief from taxes on investment and savings would enhance Canada's economic growth and improve international competitiveness, in a world in which global linkages among multinational businesses are critical to achieving better incomes and jobs for Canadian workers. We present in this Commentary an 80-country ranking of effective tax rates on capital for marginal investment projects, taking into account corporate income taxes, sales taxes on capital purchases and other capital-related taxes. Canada has moved from the 6th highest effective tax rate in 2006 (36.6 percent) to the 11th highest in 2007 (30.9 percent). However, much of the reduction has been in manufacturing's effective tax rates, which at 23.1 percent are 28th highest in the world sample of 80 countries. Canada's statutory federal-provincial corporate income tax rate in 2007 is 34.2 percent, the 12th highest in the world. Though Canada is reducing its corporate income tax rate to 30.5 percent by 2011, our evidence suggests that this rate is above the tax-revenue-maximizing rate of 28 percent. This Commentary suggests that all businesses should be taxed at a common rate, equivalent to the small business rate — roughly 20 percent. Reductions in the current corporate rate could increase corporate tax revenues, as Canadian and foreign multinationals shifted fewer costs into Canada and fewer profits out of Canada.

MINISTÈRE DES FINANCES DU CANADA

John Lester, André Patry et Donald Adéa, *An International Comparison of Marginal Effective Tax Rates on Investment in R&D by Large Firms*, Working Paper 2007-07, septembre 2007, 26 pages.

<http://www.fin.gc.ca/wp/2007-07f.html>

Analyse comparative des incitatifs fiscaux accordés à la RS&DE dans 36 pays

● Cette étude compare les taux effectifs marginaux d'imposition (TEMI) sur l'investissement en R&D entrepris par des grandes sociétés profitables pour les trente pays de l'OCDE et six économies clés en émergence et en transition. Le cadre d'analyse des TEMIs nous permette de regrouper en un seul indicateur le taux d'impôt sur le revenu, les autres éléments du système d'impôt sur le revenu, ainsi que les taxes non-liés aux bénéficiaires qui affectent le coût d'usage du capital de la R&D. Les résultats indiquent que dix-neuf pays offrent des subventions substantielles pour l'investissement en R&D par l'entremise de leurs systèmes fiscaux. Le système fiscal Canadien est le troisième en termes de générosité parmi les pays couverts par l'étude. La position favorable du Canada est en grande partie le résultat du crédit fédéral de 20 pourcent pour la Recherche scientifique et le développement expérimental.

ÉTATS-UNIS

CONGRESSIONAL BUDGET OFFICE

Peter R. Orszag, *Performance Budgeting: Applications to Health Insurance Programs and Tax Policy*, 20 septembre 2007, 16 pages.

<http://www.cbo.gov/ftpdoc.cfm?index=8642&type=0>

Témoignage du président du CBO devant le Comité du budget de la Chambre des représentants : l'effectivité des dépenses fiscales ainsi que des dépenses en matière de santé

■ My testimony extends the concept of performance budgeting to two other parts of the federal budget that have not been examined as deeply using that perspective: health insurance programs (and the health care costs that they cover) and tax expenditures. In examining those two components of federal spending from a performance-budgeting perspective, four themes emerge. 1) A substantial share of Medicare spending and of health spending for the country as a whole does not seem to be improving the health of enrollees. 2) Many of the special preferences in the tax code do not appear to be cost effective in achieving their objectives. In some cases, tax expenditures appear to be in conflict with the purposes of other tax expenditures or explicit spending programs. 3) Both federal health insurance programs and tax expenditures could be subject to performance budgeting. 4) Even with a systematic and well-designed assessment of performance, determining what specific policy steps to take as a result may be difficult. Unlike discretionary appropriations, the costs of federal health programs and tax expenditures are not set directly by policymakers but, instead, depend greatly on the actions of individuals and firms.

Congressional Budget Office, *Financing Projected Spending in the Long Run*, 9 juillet 2007, 13 pages
http://www.cbo.gov/ftpdocs/82xx/doc8295/07-09-Financing_Spending.pdf

Que faire pour limiter les déficits futurs: augmenter les impôts ou réduire les dépenses?

● Under current law, rising health care costs and the aging of the population will cause federal spending on Medicare, Medicaid, and Social Security to rise substantially as a share of the economy. If tax revenues as a share of gross domestic product (GDP) remain at current levels, that additional spending will eventually cause future budget deficits to become unsustainable. To prevent those deficits from growing to levels that could impose substantial costs on the economy, the choices are limited: Revenues must rise as a share of GDP, projected spending must fall, or both. The Congressional Budget Office (CBO) has analyzed the potential economic effects of using higher taxes alone to finance the projected increases in spending over the next several decades.

JOINT COMMITTEE ON TAXATION

Joint Committee on Taxation, *Estimates of the Federal Tax Expenditures for fiscal years 2007-2011*, 24 septembre 2007, 46 pages.
<http://www.house.gov/jct/s-3-07.pdf>

Rapport concernant les dépenses fiscales pour les années 2007 à 2011

■ This report on tax expenditures for fiscal years 2007-2011 is prepared by staff of the Joint Committee on Taxation. Part I of this report contains a discussion of the concept of tax expenditures. Part II is a discussion of the measurement of tax expenditures. Estimates of tax expenditures for fiscal years 2007-2011 are presented in Table 1 in Part III. Table 2 shows the distribution of tax returns by income class, and Table 3 presents distributions of selected individual tax expenditures by income class.

Joint Committee on Taxation, *Present Law and Analysis Relating to Tax Treatment of Partnership Carried Interest and Related Issues*, 6 septembre 2007, 67 pages.
<http://www.house.gov/jct/x-62-07.pdf>

Analyse du cadre fiscal relatif aux « partnership carried interests »

● This document, prepared by the staff of the Joint Committee on Taxation, includes a description of present law and analysis of Federal tax issues relating to partnership carried interests in general. Part One provides background information about carried interests and going-public transactions of partnerships involved in private equity, hedge fund,

venture capital fund, and similar alternative asset management and financial advisory business activities. Part Two provides economic data relating to partnerships, and to private equity, venture capital, and hedge funds, and certain carried interests. Part Three describes present law relating to Federal tax rates for individuals, tax treatment of partnership profits interests for services, and tax rules relating to compensation and employment tax. Part Four describes present law relating to taxation of partners and partnerships, including publicly traded partnerships, and compares the tax treatment of taxable corporations and of passthrough and untaxed entities. Part Five describes recent legislative proposals. Part Six provides a description and analysis of Federal tax issues relating to carried interests.

CENTER ON BUDGET AND POLICY PRIORITIES

Aviva Aron-Dine, *The Effects of the Capital Gains and Dividend Tax Cuts On the Economy and Revenues*, 10 juillet 2007, 16 pages.

<http://www.cbpp.org/7-10-07tax.pdf>

Revue des effets de la baisse d'impôt de 2003 sur les dividendes et le gain en capital

- With the fourth anniversary of the 2003 capital gains and dividend tax cuts just past and the Office of Management and Budget's Mid-Session Review released today, supporters of making these tax cuts permanent are reiterating their claim that the tax cuts boosted the economy and increased federal revenues. For example, a release from the Senate Republican Policy Committee contends that the tax cuts "contributed to today's strong pro-growth economy" and "have also led to a surge in tax receipts" and that allowing these tax cuts to expire as scheduled would "have devastating consequences for the economy." Claims like these raise three basic questions. First, has the economic and revenue growth of the past few years really been unusually strong? Second, are there good reasons to think that the capital gains and dividend tax cuts caused whatever economic and revenue growth has occurred, as opposed to just coinciding with it? Third, would extending these tax cuts boost economic and revenue growth on a longer-term basis? The last four years of data, as well as some important new academic research, suggest that the answer to each of these questions is No.

Judith Solomon, *Would Tax Incentives Be An Effective Way To Expand Health Coverage For Low-Income Children And Families?*, 31 juillet 2007, 6 pages.

<http://www.cbpp.org/7-31-07health3.pdf>

L'efficacité d'incitatifs fiscaux sur l'adhérence à l'assurance-santé pour les familles à faibles revenus

- As an alternative to strengthening SCHIP, the Administration has proposed creating a tax deduction for the purchase of health insurance (and has indicated it could accept a tax credit instead). But even with such a tax benefit, most low-income families would not be able to buy adequate coverage in the individual health insurance market. One recent study found that 72 percent of low-income people who tried to buy insurance in the individual market found it very difficult or impossible to find coverage that was affordable; 26 percent were refused coverage or charged more because of a pre-existing health condition. Other studies show that individual-market coverage could cost one-third of a low-income family's income, when both premiums and the plans' high out-of-pocket costs are considered. The high out-of-pocket costs often required in individual health insurance plans could also force families to do without needed care. Studies indicate that low-income people often cope with high cost-sharing in their health plans by going without necessary health-care services. In addition, tax subsidies for the purchase of individual health insurance would likely encourage some employers to cease offering health insurance to their workers, on the assumption that workers could obtain coverage on their own.

Aviva Aron-Dine, *Higher Taxes on Carried Interest Would Be Borne By Investment Fund Managers: Pension Funds, Minority-Owned Businesses, and Low-Income Housing Development Would Be Largely Or Entirely Unaffected*, 19 septembre 2007, 8 pages.

<http://www.cbpp.org/9-19-07tax.pdf>

Critique des arguments utilisés par les défenseurs du traitement fiscal réservé aux « partnership carried interests »

- Some of those seeking to preserve the tax break for managers of private equity funds (the “carried interest” tax break) have argued that, if this tax break were eliminated, pension funds and their investors — as well as minority-owned businesses and low-income communities — would be hurt. These arguments collapse under scrutiny. If taxes on carried interest are raised, most of the tax burden will fall on the managers fighting so hard to preserve the tax break. They are unlikely to be able to shift much of the cost to their investors, since investors are unlikely to keep investing in funds that substantially increase fees. Even if a change to the tax treatment of carried interest did affect investor returns, the impact on pension funds would be very small, since investment in private equity accounts for a small share of pension funds’ total investment. The argument regarding minority-owned businesses and low-income housing is even more far fetched. Its advocates have offered no evidence that the private equity industry directs a large share of its resources toward these investments; in fact, in other contexts they themselves have stated that “less than 2 percent of all available private equity is invested in minority firms in a given year.” Even if the tax break did offer some benefits to pension funds, minority-owned businesses, or low-income communities, this would not justify preserving it, as there are far less costly, better targeted options for helping these firms and areas.

URBAN INSTITUTE

Robert Reischauer, Zanny Minton Beddoes, Robertson Williams III, Terry Dinan, Kevin Hassett et Eric Toder, *Can Tax Policy Slow Global Warming*, 5 juin 2007.

Discussion sur fichiers mp3: <http://www.urban.org/Pressroom/firsttuesdays/june2007.cfm>

Discussion portant sur les possibilités d’utiliser les mesures fiscales afin de diminuer le réchauffement de la planète

- There is increasing scientific consensus that the earth will warm significantly in this century, due largely to carbon emissions from the burning of fossil fuels. The United States has not signed on to the Kyoto protocol to limit these emissions, but Congress and state governments are considering policies to reduce them. Tax policies can be part of an approach that relies on decentralized markets instead of "command and control" regulations to address energy use and the problem of global climate change produced by greenhouse gas emissions. The panelists will consider a variety of policy responses, including a tax on the carbon content of fuels, tax incentives for alternative energy sources, and cap-and-trade systems to limit carbon emissions.

C. Eugene Steuerle, *Tax Reform, Tax Arbitrage, and the Taxation of "Carried Interest"*, 6 septembre 2007, 8 pages.

http://www.urban.org/UploadedPDF/901112_steuerle_carried_interest.pdf

Témoignage devant le Comité de la Chambre des représentants sur les voies et moyens : l’imposition des « partnership carried interests »

- C. Eugene Steuerle gave testimony on the taxation of carried interest before the U.S. House Committee on Ways and Means. He notes among his findings that as a matter of both efficiency and equity, capital gains relief is best targeted where tax rates are high, as in the case of the double taxation of corporate income. The case for providing capital gains relief for carried interest is relatively weak, resting primarily upon whether the administrative benefits of the simple partnership structure needs to be maintained in this arena; it does not rest upon arguments for favoring capital income, entrepreneurs, or risk.

BROOKINGS INSTITUTION

Jason Furman, Jason Bordoff et Lawrence H. Summers, *Achieving Progressive Tax Reform in an Increasingly Global Economy*, juin 2007, 34 pages.

http://www3.brookings.edu/views/papers/furman/200706bordoff_summers.pdf

Étude portant sur la progressivité de l'impôt américain dans un contexte de mondialisation

- The progressive tax system, and the nation's fiscal system more broadly, have historically played an important role in expanding opportunities for all Americans while reducing inequality. But the same dynamic forces of technological change, financial innovation, and globalization that have contributed to rising income inequality also present new challenges for progressive taxation. Financial engineering, for example, has made it easier for the financially sophisticated—typically the wealthy—to take advantage of new financial instruments that shelter their gains from tax. And as capital is able to move ever more quickly and easily across borders, corporate income becomes increasingly elusive of taxation. These forces, together with deliberate policy changes, have led to an erosion of progressivity—the principle that higher incomes should face higher rates of taxation—and a dramatic reduction in the average tax rate facing very high-income households. More than half of that decline is the result of declining effective corporate tax rates, as high-income households own disproportionate amounts of capital.

Kimberly A. Clausing et Reuven S. Avi Yonah, *Reforming Corporate Taxation in a Global Economy: A Proposal to Adopt Formulary Apportionment*, juin 2007, 40 pages.

http://www3.brookings.edu/views/papers/200706clausing_aviyonah.pdf

Propositions pour une réforme de l'imposition des sociétés multinationales

- The current system of taxing multinational firms relies on separate accounting: firms account for earnings and costs in each location in which they operate. This system generates a large tax incentive to earn income in low-tax countries, and multinational firms respond by earning disproportionate profits in low-tax locations. We propose a system of formulary apportionment for taxing the corporate income of multinational firms. Under our proposal, the U.S. tax base for multinational corporations would be calculated based on a fraction of their worldwide income. This fraction would simply be the share of their worldwide sales that are destined for customers in the United States. This system is similar to the current method that U.S. states use to allocate national income. The state system arose due to the widespread belief that it was impractical to account separately for what income is earned in each state when states are highly integrated economically. Similarly, in an increasingly global world economy, it is difficult to assign profits to individual countries, and attempts to do so are fraught with opportunities for tax avoidance. Under our proposed formulary apportionment system, firms would no longer have an artificial tax incentive to shift income to low-tax locations. This would help protect the U.S. tax base while reducing the distortionary features of the current tax system. In addition, the complexity and administrative burden of the system would be reduced. The proposed system would be both better suited to an integrated world economy and more compatible with the tax policy goals of efficiency, equity, and simplicity.

Jason Furman, *The Effect of the 2001-06 Tax Cuts on After-Tax Incomes*, 6 septembre 2007, 12 pages.

http://www.brookings.edu/~media/Files/rc/testimonies/2007/0906taxes_furman/20070906.pdf

Témoignage devant Comité de la Chambre des représentants sur les voies et moyens : les effets de la réduction des impôts entre 2001 et 2006 sur l'équité du système fiscal

- Evaluating a tax change requires understanding the impact it has on households through three different channels: (1) the direct impact of the tax changes on take-home pay; (2) the economic effects of the tax change on before-tax incomes; and (3) the impact that the associated budgetary changes have on future taxes or government spending on households. All three channels can be usefully summarized in a single variable: the change in the after-tax incomes of households. My testimony today applies such an integrated approach, potentially termed “dynamic distributional analysis,” to examine the long-run impact of the tax cuts enacted from 2001 to 2006 on the after-tax income of American families. Some of the key findings of this analysis are: 1) the direct effect of the tax cuts enacted from 2001-06 is to

increase after-tax income inequality; 2) economic models generally rule out the possibility of a large, positive impact of the tax cuts on the economy and incomes; 3) economic models show that the need to eventually finance the tax cuts could result in a large, negative impact on the disposable income of households, for example through reduced Social Security benefits, Medicare benefits, or higher future taxes; 4) taken together, illustrative estimates show that even in the unrealistic best case scenario – in which tax cuts boost incomes and pay for part of their long-run cost through higher economic output – the financing costs of the tax cuts would leave 74 percent of households with lower after-tax incomes.

TAX POLICY CENTER (URBAN INSTITUTE/BROOKINGS INSTITUTION)

Leonard E. Burman, Jane G. Gravelle et Jeff Rohaly, *Towards a More Consistent Distributional Analysis*, 19 juin 2007, 34 pages.

http://www.taxpolicycenter.org/UploadedPDF/411480_Towards_Consistent.pdf

Propositions pour une réforme complète du système fiscal américain

- Tax reform is likely to combine elements of income and consumption taxes. Special problems arise in developing consistent methods for allocating incremental options that transcend the boundaries between income and consumption taxes. This paper discusses issues in allocating consumption taxes and shows how the choice of allocation method affects conclusions for two prototypes. It then discusses how hybrid income-consumption taxes and corporate taxes ought to be allocated under different scenarios. A concluding section sums up.

Richard W. Johnson et Leonard E. Burman, *A Proposal to Finance Long-Term Care Services Through Medicare with an Income Tax Surcharge*, 22 juin 2007, 32 pages.

http://www.taxpolicycenter.org/UploadedPDF/411484_medicare.pdf

Comment augmenter le financement des soins de santé par l'entremise de mesures fiscales ?

- We propose a new system of financing long-term care services in the United States. Our plan expands Medicare to cover comprehensive long-term care services, including home care and custodial nursing home care. Beneficiaries would share in the cost of services through deductibles and copayments, but the program would include stop loss coverage and special protections for low-income adults. By providing long-term care insurance that actually protects the assets of older adults, our proposal would eliminate the disincentive to save inherent in the means-tested Medicaid system. Our plan would also remove the bias in the current system for institutional care, enabling more persons with disabilities to remain at home where most prefer to live. We propose to finance this expansion of Medicare benefits with a surcharge on federal income taxes. Unlike the regressive payroll tax that finances Medicare's hospitalization coverage, the surcharge we propose would not increase tax burdens for low-income individuals or families. All of the revenue generated by the tax would be dedicated to a special Medicare trust fund that would finance future long-term care services.

Eric Toder, *Reducing the Tax Gap: the Illusion of Pain-Free Deficit Reduction*, 3 juillet 2007, 24 pages.

http://www.taxpolicycenter.org/UploadedPDF/411496_reducing_tax_gap.pdf

Comment réduire l'écart entre les impôts payables estimés et les impôts réellement payés ?

- IRS recently estimated a gross tax gap of \$345 billion, or 16 percent of tax liability, for tax year 2001. The gross tax gap is the difference between estimated tax liability in any year and the amount of tax that is paid voluntarily and on time. The tax gap could be reduced by expanding the scope of information reporting, as the current Administration and some Members of Congress have proposed, or increasing resources for IRS enforcement. Potential budgetary gains from these measures are modest, however, and will not enable politicians to avoid hard choices about future tax and spending levels.

SOCIAL SCIENCE RESEARCH NETWORK

Shu-Chun Susan Yang, « A Chronology of Postwar U.S. Federal Income Tax Policy », *CAEPR Working Paper* No. 2007-021, 10 octobre 2007, 25 p.

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1020679

Revue des principaux changements législatifs en matière fiscale aux États-Unis, depuis la Seconde Guerre Mondiale

- This note provides a chronology of major tax events that involved changes in federal taxes on individual and corporate income from 1948 to 2006. For each event, the note provides background and policy motivation, major provisions, legislative timeline, and estimated revenue changes. As most tax changes were preceded by extensive legislative delays, this chronology suggests that people were likely to have foreknowledge about tax policy. It also finds that postwar income tax policy was typically motivated by one of three rationales: 1) balancing the budget or reducing deficits, 2) controlling inflation, and 3) stimulating economic activity or promoting growth.

Lily L. Batchelder, *Taxing Privilege More Effectively: Replacing the Estate Tax with an Inheritance Tax*, New York University School of Law, juin 2007, 63 pages.

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=993314

Proposition afin de remplacer l'impôt actuel sur les successions par un impôt sur les héritages

- The repeal of the estate tax for one year only in 2010 creates vast uncertainty but also provides an opportunity to reconsider the taxation of gifts and bequests. This paper proposes replacing the estate tax with an inheritance tax. Heirs receiving lifetime inheritances greater than \$2.3 million would include in income and pay a 15 percentage point surtax on the excess. The proposal would also replace stepped-up basis with carryover basis for bequests. As under the estate tax, the fraction of heirs affected would be miniscule, falling from three to two in 1,000. The proposal has a number of advantages relative to the estate tax. It would reward donors who give more broadly. It would enhance efficiency and reduce compliance costs by curbing tax planning and the rules needed to contain it. Cross-national experience also suggests it would be administrable. Most importantly, the proposal would lower taxes on heirs receiving smaller inheritances and those with moderate incomes, making the tax system better attuned to unearned advantage and ability to pay. At an individual level, the distribution of tax burdens would change considerably: only 5 percent of the estate tax rate for an heir is accounted for by her inheritance tax rate, and vice versa, and each tax would raise 14 percent of revenue from heirs facing no tax burden under the other. The proposal is revenue-neutral relative to 2009 law. A lower exemption would raise more revenue and bring the tax rate on inherited income closer to the income tax rate on noninherited income, which is about three times higher.

NATIONAL TAX JOURNAL (NTJ)

Andrew Leigh, « Earned Income Tax Credits and Labor Supply: New Evidence from a British Natural Experiment », *National Tax Journal*, vol. 60, no 2, p. 205, juin 2007, 22 pages.

Résumé : http://ntj.tax.org/wtax/ntjrec.nsf/009a9a91c225e83d852567ed006212d8/2c66ccac8e936aa28525732c0001e_bdd?OpenDocument

Analyse des effets sur l'offre de travail et sur le revenu de différents types de crédits d'impôt

- With many countries considering the adoption of a system of earned income tax credits, it is useful to analyze how different types of credits affect labor supply and earnings. This paper focuses on a 1999 reform to the UK tax credit system, which increased the value of the credit and reduced the phase out rate. Using panel data, with individual fixed effects, I compare eligibles and ineligibles within five groups: all individuals; those whose demographic characteristics predict that they will have low earnings; single women; women in couples; and men in couples. Over a 15-month period,

boosting the credit appears to have raised the labor participation rates, hours, and earnings of those who were eligible to receive it.

Stephen D. Holt et Jennifer L. Romich, « Marginal Tax Rates Facing Low–and Moderate– Income Workers Who Participate in Means-Tested Transfer Programs », *National Tax Journal*, vol. 60, no 2, p. 253, juin 2007, 26 pages.

Résumé : <http://ntj.tax.org/wwtax/ntjrec.nsf/009a9a91c225e83d852567ed006212d8/af61c63213dc70068525732c0002c63b?OpenDocument>

Les effets sur le taux marginal d'imposition d'un système combinant un impôt progressif et une exemption de base

- The combination of a progressive tax system with credits for low-income workers and means-tested transfer programs can create high marginal tax rates (MTRs) on earned income. We document the extent and distribution of statutory and actual MTRs for Wisconsin households with earned income in 2000 using a unique data set of merged tax, transfer program, and wage data. Nearly a quarter of unmarried tax filers with two or more dependents face MTRs of 50 percent or greater. Households between 100 percent and 250 percent of the federal poverty threshold and those using multiple means-tested programs are more likely to face high rates.



INTERNATIONAL

ORGANISATION DE COOPÉRATION ET DE DÉVELOPPEMENT ÉCONOMIQUES (OCDE)

OCDE, Comité des affaires fiscales, *Améliorer l'accès aux renseignements bancaires à des fins fiscales*, 10 juillet 2007, 45 pages.

<http://www.oecd.org/dataoecd/25/44/39328609.pdf>

L'OCDE fait état de progrès dans la transparence des renseignements bancaires, mais préconise des efforts supplémentaires

- Le Comité des affaires fiscales publie un nouveau rapport qui indique les progrès accomplis dans la mise en oeuvre de l'ensemble des mesures énoncées dans le rapport intitulé *Améliorer l'accès aux renseignements bancaires à des fins fiscales* et publié en avril 2000. Le Comité a publié son premier rapport d'étape en 2003. Dans le cadre de l'examen continu des évolutions intervenues dans ce domaine, le Comité des affaires fiscales a décidé d'entreprendre un deuxième examen détaillé afin d'évaluer les progrès réalisés depuis 2003 et d'identifier les domaines dans lesquels des améliorations demeurent nécessaires. Le Comité a décidé d'intégrer à son examen un exposé de la situation dans les pays qui ont le statut d'observateurs au Comité : l'Afrique du Sud, l'Argentine, le Chili, la Chine, l'Inde et la Fédération de Russie.

OCDE, *Pensions at a Glance : Public Policies across OECD Countries 2007 Edition*, 2007, 208 pages.

Pour commander :

http://www.oecd.org/document/35/0,3343,fr_2649_37405_38717411_1_1_1_37405,00.html

Analyse des différents systèmes de retraite en vigueur dans les pays de l'OCDE

- This second edition of *Pensions at a Glance* updates all the important indicators of retirement-income systems developed for the first edition. The values of all pension system parameters reflect the situation in the year 2004. The general approach adopted is a "microeconomic" one, looking at prospective individual entitlements under all 30 of OECD member countries' pension regimes. The report starts by showing the different schemes that together make up national

retirement-income provision, including a summary of the parameters and rules of pension systems. This is followed by eight main indicators of pension income that are calculated using the OECD pension models. This issue also contains two special analyses on pension reforms and private pensions, which use the OECD pension models to explore more deeply the central issues of pension policy in national debates. Finally, the report provides detailed background information on each of the 30 countries' retirement-income arrangements.

Équipe de rédaction du Bulletin de veille

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