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## CANADA

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### CENTRE CANADIEN DE POLITIQUES ALTERNATIVES (CCPA)

Eve-Lyne Couturier et Bertrand Schepper, *Qui s'enrichit, qui s'appauvrit: 1976-2006*, 19 mai 2010, 65 pages.  
<http://www.policyalternatives.ca/publications/reports/qui-senrichit-qui-sappauvrit>

L'augmentation de la richesse au Québec depuis 1976 a surtout profité aux riches.

● La promesse qu'une économie prospère et du cœur à l'ouvrage allaient améliorer leur condition collective a énérgisé durant des décennies la population québécoise. La présente étude innove en constatant que cette promesse est loin de s'avérer pour la majorité des familles québécoises élevant des enfants de moins de 18 ans. Québécoises et Québécois ont travaillé plus fort et l'économie de la province a progressé de 71% entre 1976 et 2006, mais toutes leurs familles n'en ont pas bénéficié. La majorité des gains de revenus ont été aux 10% les plus riches, alors que les 70% les plus pauvres ont vu se réduire leur part de l'assiette économique. En l'espace d'une génération, la répartition économique des familles québécoises a connu des changements marqués en termes de revenus. On est passé d'un diagramme en podium, où la classe moyenne était dominante en 1976, à un diagramme en escalier, où c'est maintenant la classe supérieure qui prédomine. La classe moyenne québécoise — courroie de transmission des idées, des normes sociales et des attentes culturelles — est en perte de vitesse, et c'est une mauvaise nouvelle pour l'ensemble d'entre nous.

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Monica Townson, *Option For Pension Reform: Expanding the Canada Pension Plan*, avril 2010, 8 pages.  
<http://www.policyalternatives.ca/publications/reports/options-pension-reform>

Le régime de pensions du Canada n'est actuellement pas assez généreux face aux besoins des pensionnés. Quelles solutions envisager?

● In the current debate about reforming Canada's retirement income system, there is growing support for expanding the Canada Pension Plan as the best way to ensure all Canadians have adequate incomes in retirement. The plan covers virtually all Canadians; it provides them with an indexed defined benefit retirement pension that doesn't depend on stock market ups and downs; it is a stable and well-run plan, and trusted by workers and their families. But benefits are too low to provide an adequate income in retirement. Federal, provincial, and territorial finance ministers are scheduled to meet again in May 2010. At that point we should have a clear idea of which options they will favour. But implementation is likely several years further down the road. As well, any changes that are agreed on now are not likely to benefit those coming up to retirement in the next couple of decades. That means serious consideration must be given to other changes that are urgently required to protect those workers facing the prospect of inadequate income or even poverty in retirement. For example, workers who have lost their pensions as a result of corporate bankruptcy need protection, and so

do those who must rely on inadequate benefits from the first tier of the system, for whom an improvement in OAS/GIS benefits is required.

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## CHAIRE DE RECHERCHE EN FISCALITÉ ET EN FINANCES PUBLIQUES

Gilles Larin et Daniel Boudreau, *Les retenues à la source et les acomptes provisionnels : des problèmes de couverture et d'équité – Fascicule 3 : La situation dans d'autres pays*, mai 2010, 90 pages.

[https://acpolo1.usherbrooke.ca/prod/recherche/chairefisc.nsf/alldoc/04D1E4EE82164CA88525771F004E9324/\\$file/Retenues%20a%20la%20source%20partie%203.pdf?OpenElement](https://acpolo1.usherbrooke.ca/prod/recherche/chairefisc.nsf/alldoc/04D1E4EE82164CA88525771F004E9324/$file/Retenues%20a%20la%20source%20partie%203.pdf?OpenElement)

Survol des règles de retenues à la source et d'acomptes provisionnels dans le reste du monde et recensement des meilleures pratiques.

■ Ce fascicule présente la situation des retenues à la source et des acomptes provisionnels pour diverses administrations fiscales dans le monde sous divers angles comme l'assiette assujettie, la fréquence des versements, les pénalités applicables... Dans le but d'obtenir des informations encore plus précises sur certaines modalités, quelques pays présentant des caractéristiques originales ont été choisis pour faire l'objet d'une description plus détaillée. Cette recherche permet de détecter les nouvelles tendances, de déterminer les administrations fiscales les plus dynamiques ou les moins avant-gardistes ou de façonner de nouvelles approches à la lumière de l'expérience vécue par différents pays.

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Gilles Larin et Daniel Boudreau, *Les retenues à la source et les acomptes provisionnels : des problèmes de couverture et d'équité – Fascicule 4 : Des avenues de solution et de développement*, mai 2010, 61 pages.

[https://acpolo1.usherbrooke.ca/prod/recherche/chairefisc.nsf/alldoc/CA1B547DB701F6F58525771F004EA30C/\\$file/Retenues%20a%20la%20source%20partie%204.pdf?OpenElement](https://acpolo1.usherbrooke.ca/prod/recherche/chairefisc.nsf/alldoc/CA1B547DB701F6F58525771F004EA30C/$file/Retenues%20a%20la%20source%20partie%204.pdf?OpenElement)

Comparaison entre les systèmes de retenues à la source et d'acomptes provisionnels nationaux et les différents systèmes internationaux afin de proposer des pistes de solution novatrices.

■ Ce fascicule porte sur des avenues de solution à l'égard des problèmes qui ont été apportés tout au long de l'étude ainsi que sur des opportunités de développement qu'il serait possible d'implanter en vue d'accroître le rôle des retenues à la source et des acomptes provisionnels dans la perception des revenus de l'État en cours d'année. Les suggestions qui sont présentées s'inspirent de l'expérience internationale qui apporte une solide expertise sur le terrain et présentent une pléiade de mesures permettant de tirer le maximum de ces modes de paiement ainsi que la réflexion des auteurs pour qui la situation actuelle au Canada et au Québec mérite d'être revue en vue de bénéficier davantage des développements technologiques. Les auteurs avancent l'idée qu'il serait possible d'améliorer l'efficacité des retenues à la source et des acomptes provisionnels sans alourdir le fardeau administratif des mandataires ou des contribuables.

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## INSTITUT C.D. HOWE

Colin Busby et William B. P. Robson, *Target Practice Needed: Canada's 2010 Fiscal Accountability Rankings*, no. 129, mai 2010, 12 pages.

[http://www.cdhowe.org/pdf/backgrounder\\_129.pdf](http://www.cdhowe.org/pdf/backgrounder_129.pdf)

Analyse de la responsabilité des gouvernements au Canada en matière fiscale (classement 2010).

● Government spending overruns and missed revenue targets remain a common occurrence in Canada. Countrywide, spending overruns by the federal, provincial and territorial governments over the past decade exceeded \$70 billion, limiting debt reduction and tax relief in earlier years, and materially adding to current deficits. This fourth annual fiscal accountability ranking measures each jurisdiction's 10-year fiscal record for bias (the average difference between budget projections and actual results) and accuracy (over-shoots and under-shoots of budget targets).

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## INSTITUT ÉCONOMIQUE DE MONTRÉAL

David Descôteaux, *Le point sur la dette du gouvernement québécois*, avril 2010, 2 pages.

[http://www.iedm.org/uploaded/pdf/pointo42010\\_fr.pdf](http://www.iedm.org/uploaded/pdf/pointo42010_fr.pdf)

Présentation des principales façons de calculer la dette de l'État québécois pour fournir des données objectives permettant d'identifier des dangers potentiels.

- Après avoir enregistré un déficit courant de 4,5 milliards \$ en 2009-2010, le gouvernement du Québec vient d'annoncer une série de mesures destinées à redresser les finances publiques. Au cœur de ses préoccupations : la dette croissante de l'État. Certains jugent qu'elle atteint un niveau alarmant, alors que d'autres minimisent l'importance de la dette québécoise. Qu'en est-il au juste?

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Pierre Girardin & Michel Kelly-Gagnon, *Les régimes de retraite du secteur public sont-ils trop généreux?*, mars 2010, 4 pages.

[http://www.iedm.org/uploaded/pdf/noteo30110\\_fr.pdf](http://www.iedm.org/uploaded/pdf/noteo30110_fr.pdf)

Les régimes de retraite du secteur publics sont-ils trop généreux?

- Les régimes de retraite complémentaires offerts par l'employeur sont l'un des principaux avantages sociaux à considérer dans la rémunération globale. Dans le secteur privé, les régimes de retraite traversent une crise de financement depuis plusieurs années. Dans le secteur public québécois, au contraire, la capacité de payer du gouvernement ne pose pas de problème et les régimes de retraite restent très généreux. Alors que les négociations sont en cours entre le gouvernement et le Front commun des syndicats du secteur public, il y a lieu de faire le point sur cet enjeu.

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## ÉTATS-UNIS

### CENTER ON BUDGET AND POLICY PRIORITIES

Nicholas Johnson et Erica Williams, *Some States Scaling Back Tax Credit For Low-Income Families: Measures Would Increase Poverty, Slow Job Growth*, 3 mai 2010, 6 pages.

<http://www.cbpp.org/files/4-29-10sfp.pdf>

L'abolition par certains États de crédits d'impôt pour les familles à faibles revenus risque d'augmenter la pauvreté et de ralentir la croissance de l'emploi.

- Facing large budget shortfalls, a small number of states are scaling back tax credits for low-income working families, which not only harms some of the families hardest hit by the recession but also weakens the economy by lowering overall demand. States have other budget-balancing strategies that are better for both vulnerable families and the state economies. Millions of low-income working families and individuals are relying on federal and state tax credits, such as Earned Income Tax Credits (EITC), to help them endure the recession. The economic crisis has increased unemployment and reduced work hours and wages. Credits offered by states help to alleviate this hardship and stabilize incomes. The benefit of such programs also extends to the economy at large. State tax credits for low-income families put money into the hands of people most likely to spend it, and most likely to spend it in their local economy. Most states are maintaining these important programs. But a few have recently taken steps to cut back their credits. Supporters have presented these reductions and proposed reductions in other states as budget-balancing measures. Yet raising taxes on low-income working families is not the best option for raising state revenue. In some cases, proposals and legislation to roll back low-

income tax credits are being made alongside proposals to cut taxes for wealthy individuals and corporations, which likely would neither strengthen the economy nor create jobs. On balance, it would be far better for working families and for state economies if states would maintain existing refundable low-income tax credits, cancel other costly tax cuts, and raise needed new revenue from higher-income families and profitable corporations.

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## CONGRESSIONAL BUDGET OFFICE

Congressional Budget Office, *Tax Arbitrage by Colleges and Universities*, avril 2010, 25 pages.  
<http://www.cbo.gov/ftpdocs/112xx/doc11226/04-30-TaxArbitrage.pdf>

Étude sur la capacité des institutions d'enseignement postsecondaires d'emprunter des fonds en émettant des titres exonérés d'impôt.

- Colleges and universities enjoy a variety of federal tax preferences that are designed to support a broader public purpose the advancement of higher education and research. Not only are institutions of higher learning exempt from paying federal income taxes, they also are eligible to receive tax deductible charitable contributions and allowed to use tax exempt debt to finance capital expenditures. This Congressional Budget Office (CBO) study focuses on one of those tax advantages, the ability of colleges and universities to borrow funds by issuing tax exempt debt. According to the staff of the Joint Committee on Taxation (JCT), the cost of allowing institutions of higher learning to borrow using such debt measured in terms of the revenues that could have been collected if those institutions had borrowed using taxable debt will be about \$5.5 billion in 2010. The use of proceeds from lower cost tax exempt bonds to directly finance the purchase of higher yield securities, a practice known as tax arbitrage, is prohibited by law. Nevertheless, the law as currently implemented allows many colleges and universities to use tax exempt debt to finance investments in operating assets (buildings and equipment) while, at the same time, they hold investment assets that earn a higher return. (Investment assets are publicly traded and privately held securities, as well as land or buildings held for investment purposes.) To the extent that colleges and universities can earn untaxed returns on investments that are higher than the interest they pay on tax exempt debt, they are benefiting from a form of “indirect” tax arbitrage. Rules in the Internal Revenue Code (IRC) and regulations established by the Department of the Treasury limit tax arbitrage by restricting the yield on any investments held by the bond issuer that are deemed to be directly related to the tax exempt bond issue (for example, an asset pledged as collateral). Other investment assets are not yield restricted even though they contribute indirectly to securing the bonds and are considered by rating agencies when rating the tax exempt debt. A broader definition of tax arbitrage would include most or all investment assets held by an institution borrowing with tax exempt debt. Using data from information returns filed with the Internal Revenue Service (IRS) by institutions of higher learning and by issuers of tax exempt debt, CBO developed measures of tax arbitrage as practiced by colleges and universities under a broader definition of the term that encompasses both direct and indirect tax arbitrage.

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## DEPARTMENT OF THE TREASURY

Department of the Treasury, *Report to Congress on Charity –Owned Life Insurance*, Avril 2010, 39 pages.  
<http://www.treas.gov/offices/tax-policy/library/ChOLI%20Report%20-%20April%202010.pdf>

Analyse des implications fiscales pour les organismes de bienfaisance détenant des assurances-vie.

- The Pension Protection Act of 2006 (PPA) mandated a study of charity-owned life insurance (ChOLI) arrangements and required that charities engaging in those arrangements report certain information to the Internal Revenue Service during a two-year period. Accordingly, the Department of the Treasury and Internal Revenue Service solicited public comments regarding the study, designed and issued an information return form, and then reviewed those returns. This report describes various types of ChOLI arrangements, which may involve annuities as well as life insurance, owned directly or indirectly by a charity. To date, the arrangements for which information reporting has been provided pursuant to the PPA are too few in number to constitute a statistically significant sample for analysis. Consequently, the report relies principally on information that is otherwise available publicly with regard to these arrangements. The report analyzes the Federal tax law implications of ChOLI arrangements under existing law and the tax policy issues they present. In particular, the report identifies potentially significant conflicts with the requirement that a charitable

organization be organized and operated exclusively for an exempt purpose, and that it comply with a proscription on substantial private benefit. The report further notes that the treatment of a charity's return from participation in a ChOLI arrangement as either exempt investment income or taxable income from an unrelated business is not entirely clear under existing law, but that it arguably may be viewed as unrelated business taxable income in certain circumstances. Finally, the report recommends adoption of the Administration's Fiscal Year 2010 and 2011 budget proposals to revise the "transfer-for-value" rule of Internal Revenue Code section 101(a) to ensure that investors in a ChOLI arrangement as well as investors in other types of arrangements involving the transfer of life insurance contracts do not inappropriately benefit from the gross income exclusion for death benefits from a life insurance contract in circumstances where those investors have purchased an ownership interest in the underlying policies.

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## INSTITUTE ON TAXATION AND ECONOMIC POLICY

*Leaving Money on the Table: "Federal Offset" Provides Incentive For States to Rely on Progressive Income Taxes*, avril 2010, 14 pages.

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

L'interaction entre l'imposition fédérale et l'imposition des États constitue un incitatif important à l'utilisation d'un barème d'imposition progressif dans les États.

- Across the nation, state governments are coping with huge fiscal challenges in 2010, and face the prospect of increasing taxes on already-hurting middle- and low-income families. In most states, lawmakers seeking to balance budgets in a fair way can increase income taxes on upper-income families—but in the small minority of states that do not currently levy broad-based income taxes, this is not an option. This report shows how the interaction between state and federal taxes creates a clear incentive for states to rely on the progressive income tax and estimates the potential benefit to middle- and low-income taxpayers from shifting toward the progressive income tax.

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## JOINT COMMITTEE ON TAXATION

Joint Committee on Taxation, *Background and Issues Related to the Administration's Proposed Tax On Financial Institutions*, 16 avril 2010, 31 pages.

<http://www.jct.gov/publications.html?func=startdown&id=3681>

Des taxes spécifiques pour les institutions financières suite à la crise.

- This document, prepared by the staff of the Joint Committee on Taxation, provides a discussion of Federal income tax issues related to the Administration's financial crisis responsibility fee and, more generally, sector specific taxes on financial institutions. Except as otherwise noted, all references to sections in this document are to sections of the Internal Revenue Code of 1986, as amended (the "Code"). Part One provides general background related to the recent financial crisis, the Federal government's response, and an overview of financial institutions. Part Two describes present law related to the Federal income taxation of financial institutions including banks, thrifts, bank and thrift holding companies, credit unions, insurance companies, securities broker-dealers, and certain other financial institutions. Part Three describes the Administration's proposed financial crisis responsibility fee. Part Four provides a discussion of the basic design considerations for crafting a sector-specific tax on financial institutions and a description and analysis of possible bank tax alternatives.

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## TAX POLICY CENTER

Joseph Rosenberg et Eric Toder, *Effects of Imposing a Value-Added Tax To Replace Payroll Taxes or Corporate Taxes*, 18 mars 2010, 39 pages.

[http://www.taxpolicycenter.org/UploadedPDF/412062\\_VAT.pdf](http://www.taxpolicycenter.org/UploadedPDF/412062_VAT.pdf)

Résumé : <http://www.taxpolicycenter.org/publications/url.cfm?ID=412062>

Les avantages et inconvénients d'une taxe sur la valeur ajoutée pour réduire les taxes sur la masse salariale et les impôts corporatifs américains.

- This report examines the effects of imposing a new value added tax (VAT) in the United States and using the revenue raised to lower payroll tax and corporate income tax rates. We summarize how different forms of VAT operate and compare how a VAT, payroll tax, and corporate income treat different sources of income and the different ways each tax distort economic decision-making.

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Benjamin H. Harris, *The Effect of Proposed Tax Reforms on Metropolitan Housing Prices*, avril 2010, 15 pages.

[http://www.taxpolicycenter.org/UploadedPDF/1001364\\_reforms\\_metro\\_housing.pdf](http://www.taxpolicycenter.org/UploadedPDF/1001364_reforms_metro_housing.pdf)

Résumé : <http://www.taxpolicycenter.org/publications/url.cfm?ID=1001364>

Les effets accessoires de la politique fiscale : comment une réforme fiscale visant à améliorer la progressivité du système peut avoir en bout de ligne un effet sur le prix des maisons.

- This study simulates - for 23 metropolitan areas - the change in equilibrium housing prices due to the Obama Administration's recently-proposed tax reforms. While none of the President's proposed tax reforms are directed at changing the value of housing, it is clear that under certain assumptions, the proposals would have dramatic effects on housing prices. Simulated results show the combined price effects of the tax reform package range from -5.1 percent to -17.3 percent. Any proposal that would reduce home values could further weaken an already decimated housing sector.

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Lily L. Batchelder et Eric J. Toder, *Government Spending Undercover – Spending Programs Administered by the IRS*, avril 2010, 19 pages.

[http://www.taxpolicycenter.org/UploadedPDF/1001365\\_undercover\\_spending.pdf](http://www.taxpolicycenter.org/UploadedPDF/1001365_undercover_spending.pdf)

Résumé : <http://www.taxpolicycenter.org/publications/url.cfm?ID=1001365>

Exposé des problèmes d'inefficacité associés aux dépenses fiscales et propositions afin d'y remédier.

- In 2011, the U.S. government will spend over \$1 trillion on tax expenditures. These programs often fly under the radar of media and public opinion. This paper discusses obstacles to subjecting tax expenditures to the same scrutiny as direct outlays and offers some recommendations for incorporating them in the budget process. It then provides a framework of questions and principles policymakers should consider in evaluating these programs. We conclude that the size of tax subsidies should not be based on a claimant's marginal tax rate or itemizing status, implying that refundable credits are usually the best way to deliver them.

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Alan J. Auerbach et William G. Gale, *Déjà Vu All Over Again – On the Dismal Prospects for the Federal Budget*, avril 2010, 20 pages.

[http://www.taxpolicycenter.org/UploadedPDF/1001373\\_dejavu.pdf](http://www.taxpolicycenter.org/UploadedPDF/1001373_dejavu.pdf)

Résumé : <http://www.taxpolicycenter.org/publications/url.cfm?ID=1001373>

Nouvelles estimations du déficit budgétaire américain à court, moyen et long terme selon trois scénarios.

- We provide new estimates of the federal budget outlook over 10-year and long-term horizons under three sets of assumptions: the Congressional Budget Office baseline, which assumes no changes in current law; an extended policy scenario, in which it is assumed that future Congresses act more or less like previous Congresses in extending expiring provisions; and the Administration budget. Under either the extended policy or the Obama policy scenarios, deficits are high and rising over the second half of the decade, despite the assumption that the economy is in full employment. In 2020, the deficit is projected to be between 5 and 7 percent of GDP and the debt/GDP ratio is projected to exceed 90 percent. These figures only deteriorate with the passage of time. The long-term fiscal gap - the size of the immediate and permanent change in spending or taxes needed to keep the long-term debt/GDP ratio at its current level - is in the range of 6-9 percent of GDP. Further health care reform can be an important part of reducing the fiscal gap, but the problem is far too large to be solved by plausible reductions in health care spending alone. Postponing the onset of a fiscal package will make the problem even harder: even just a 5-year delay in implementation would raise the required fiscal adjustment by about 0.4 percent of GDP, or almost \$60 billion per year.

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Rosanne Altshuler, Benjamin H. Harris et Eric J. Toder, *Capital Income Taxation and Progressivity in a Global Economy*, 12 mai 2010, 30 pages.

[http://www.taxpolicycenter.org/UploadedPDF/412093\\_progressivity\\_global.pdf](http://www.taxpolicycenter.org/UploadedPDF/412093_progressivity_global.pdf)

Résumé : <http://www.taxpolicycenter.org/publications/url.cfm?ID=412093>

**Impacts d'une augmentation de l'imposition des dividendes et des gains en capital entre les mains des individus afin de financer des baisses de l'impôt corporatif aux États-Unis.**

- Corporate level income taxes encourage the outflow of capital and the shifting of reported profits to other jurisdictions. The outflow of capital shifts some of the burden of the tax from owners of capital to workers. In contrast, individual level taxes on corporate income lower the after-tax return to saving, but have less effect than corporate level taxes on the location of investment. Reversing recent cuts in the tax rates on capital gains and dividends would finance a substantial cut in the corporate tax rate, reduce the outflow of capital, and make the tax system more progressive.

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Gary T. Burtless et Eric Toder, *The Shrinking Tax Preference for Pension Savings: An Analysis of Income Tax Changes, 1985-2007*, 29 mars 2010, 54 pages.

[http://www.taxpolicycenter.org/UploadedPDF/412094\\_shrinking\\_tax.pdf](http://www.taxpolicycenter.org/UploadedPDF/412094_shrinking_tax.pdf)

Résumé : <http://www.taxpolicycenter.org/publications/url.cfm?ID=412094>

**Comment les modifications au régime d'imposition de base peuvent modifier l'attrait pour les régimes de pension enregistrés.**

- The value of the tax preference for pensions depends on the marginal tax schedule and on the tax treatment of income from assets held outside a pension account. We find that changes in U.S. tax law, especially the reduction in tax rates on capital gains and dividends, but also the decline in marginal tax rates, have led to sizeable changes in the value of the pension tax preference. On balance the value of the pension tax preference to worker-savers is modestly lower than it was in the mid-1980s and substantially lower than it was in the late 1980s.

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Eric Toder et al, *Reforming the Mortgage Interest Deduction*, avril 2010, 39 pages.

<http://www.taxpolicycenter.org/UploadedPDF/412099-mortgage-deduction-reform.pdf>

Résumé : <http://www.taxpolicycenter.org/publications/url.cfm?ID=412099>

**Pourquoi la déductibilité des intérêts sur un prêt hypothécaire résidentiel est régressive et n'atteint pas son objectif d'accès à la propriété et comment réformer cette dépense fiscale.**

- The mortgage interest deduction (MID) is the largest single federal subsidy for owner-occupied housing, but the benefits are not evenly distributed among taxpayers. Only individuals who itemize deductions can benefit from the MID, and the value of the deduction increases with the marginal tax rate. If the government wishes to promote homeownership,

a refundable tax credit available to all taxpayers would be more effective. This report presents new distributional estimates both of the current deduction's benefits by income group, family type, and race/ethnicity and of proposals to eliminate, scale back, or replace the MID with more broad-based tax incentives.



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## CHARTERED INSTITUTE OF TAXATION

Bill Dodwell, *Inside Track: Who gets the poisoned chalice?*, mai 2010, 1 page.

[http://www.tax.org.uk/attach.pl/9237/10872/006\\_TA\\_0510\\_Inside%20Track.pdf](http://www.tax.org.uk/attach.pl/9237/10872/006_TA_0510_Inside%20Track.pdf)

Comment la politique économique de la fiscalité devrait-elle être développée au Royaume-Uni?

■ Before we plunge into policies, perhaps we should start with the way in which tax policy is developed. We all know that the art of taxation is to interfere as little as possible with the economic decisions of people and companies (the goose story). We will explore what designing modern tax policy needs.

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## INSTITUTE FOR FISCAL STUDIES

Mike Brewer and Robert Joyce, *Welfare reform and the minimum wage*, avril 2010, 12 pages.

<http://www.ifs.org.uk/bns/bn95.pdf>

Étude comparative des propositions électorales de réforme de l'aide social et du salaire minimum.

■ This Briefing Note reviews developments in welfare policy under the current government and analyses the manifesto proposals of the three main political parties in this policy area. In some cases, we refer to statements made by the parties outside of their manifestos, in order to interpret or flesh out the detail of their proposals (we indicate this in the text). Note that many of the Labour Party's manifesto statements reflect existing government policy (again, we indicate this in the text where appropriate). Other notes in this series will compare the three main parties' proposals on taxes and benefits, education policy and pensions.

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Lorraine Dearden, Alissa Goodman, Greg Kaplan and Gill Wyness, *The public expenditure and distributional implications of reforming student loans and grants*, avril 2010, 57 pages.

[http://www.ifs.org.uk/docs/uuk\\_presentation10.pdf](http://www.ifs.org.uk/docs/uuk_presentation10.pdf)

Impacts d'une réforme des prêts et bourses étudiants.

■ Les auteurs discutent du programme de prêts et bourses étudiants et proposent des scénarios de politiques qui pourraient remplacer le programme actuel. Ils discutent de la possibilité de charger les intérêts sur les prêts, d'augmenter les frais de prêts étudiants ou d'une combinaison de ces scénarios et de parties du programme actuel.

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Mike Brewer, *What can be done to simplify benefits and strengthen work incentives?*, mai 2010, 1 page.

<http://www.ifs.org.uk/publications/4945>

Étude comparative des propositions électorales de réforme de l'aide social et du salaire minimum.

■ Iain Duncan Smith, the Secretary of State for Work and Pensions suggested that the benefit system needed simplifying, incentives to work strengthening, and welfare-to-work programmes reforming. But what can actually be done? The fact



that the Government wants a simpler benefits system should not be a surprise: when was the last time you heard a Secretary of State calling for the benefit system to be made more complicated? The problem that confounds any government holding these worthy ambitions is that simplifying benefits is usually difficult, and often costly unless there are to be many people made worse off: the current benefit system is complicated because it targets money in very precise ways.

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Claire Coulier, *The long view: news ideas for progressive policy*, mai 2010, 66 pages.

[http://www.demos.co.uk/files/Long\\_view\\_-\\_web-1.pdf?1273077789](http://www.demos.co.uk/files/Long_view_-_web-1.pdf?1273077789)

Avenues pour une aide sociale fonctionnelle.

- All political parties claim to acknowledge that dealing with the UK's fiscal deficit is of paramount importance, but none is proposing anything but very minor cuts to spending on welfare benefits and tax credits. The public spending plans set out by Alistair Darling in his last Budget have departmental spending falling by 11.9 per cent by 2014-15, but spending on welfare benefits and tax credits growing by 4.5 per cent over the same period. Obviously, ongoing productivity improvements mean that more public services can always be squeezed from existing departmental budgets, but these vastly diverging trends look unbalanced and possibly unsustainable.

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## INTERNATIONAL

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### INTERNATIONAL TAX DIALOGUE

*Tax framework for business*, mars 2010, 7 pages.

<http://www.tax.org.uk/attach.pl/9086/10821/TaxFrameworkForBusiness%20HMT250310.pdf>

Révision du système d'imposition des entreprises britanniques.

- A stable, sustainable and competitive business tax system is critical to ensure businesses can start up, grow and invest. The Government recognises the importance of the views of business when reviewing, revising and developing business tax policy. At Budget 2008, in its publication *The UK economy: analysis of long-term performance and strategic challenges*, the Government set out its objectives for the business tax system. In May 2008, the Chancellor announced the launch of a forum on tax to examine ways in which the tax system could provide the long-term certainty multinational companies need, considering the competitiveness and other challenges facing both business and government. The desire for a short and clear statement emerged as part of regular forum discussions and builds on the Government's work to understand and respond to the views of business. In response, the Government is publishing its Tax Framework for Business.

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### ORGANISATION DE COOPÉRATION ET DE DÉVELOPPEMENT ÉCONOMIQUES (OCDE)

*Background brief: The Convention on Mutual Administrative Assistance in Tax Matters and New Protocol*, 6 avril 2010.

[http://www.oecd.org/document/35/0,3343,en\\_2649\\_33767\\_45337635\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/35/0,3343,en_2649_33767_45337635_1_1_1_1,00.html)

Combattre l'évasion fiscale dans un contexte international par l'échange d'informations.

- The Convention on Mutual Administrative Assistance in Tax Matters (the Convention) is a multilateral agreement drawn up under the aegis of the OECD and the Council of Europe. Its objective is to enable each Party to the Convention to combat international tax evasion and better enforce its national tax laws, while at the same time respecting the rights of taxpayers. The Convention was opened for signature in 1988. The 54 countries that are members of either the Council of Europe or of the OECD or both may accede to it. The Convention is currently binding for the following 14 countries:

Azerbaijan, Belgium, Denmark, Finland, France, Iceland, Italy, The Netherlands, Norway, Poland, Sweden, United Kingdom, United States and Ukraine. Canada, Germany and Spain have signed the Convention but not yet ratified it. The scope of the Convention is broad as it covers a wide range of taxes and goes beyond exchange of information on request. It also provides for other forms of assistance such as: spontaneous exchanges of information, simultaneous examinations, performance of tax examinations abroad, service of documents, assistance in recovery of tax claims and measures of conservancy. The Convention also provides for automatic exchanges of information, but this form of assistance requires a preliminary agreement between the competent authorities of the Parties willing to provide each other information automatically.

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*Economic Survey of Luxembourg 2010*, 10 mai 2010.

[http://www.oecd.org/document/56/0,3343,en\\_2649\\_34111\\_45130744\\_1\\_1\\_1\\_37443,00.html](http://www.oecd.org/document/56/0,3343,en_2649_34111_45130744_1_1_1_37443,00.html)

### Les politiques fiscales du Luxembourg adoptées depuis la crise économique.

- Luxembourg has experienced a severe recession as the result of the international financial crisis. Output contracted sharply and unemployment has risen. Luxembourg's economy was heavily exposed to the downturn in world trade and the financial centre has been strongly affected. However, policy support from accommodative euro area monetary policy and a fiscal stimulus package helped stabilise the economy. While recovery is now underway, demand is likely to be held back by a weakness in competitiveness, necessary fiscal consolidation and lower potential output. Growth in the coming years is likely to be lower than before the crisis, although living standards will remain high. The fiscal position has deteriorated rapidly due to a sharp fall in tax receipts from the financial sector, substantial fiscal stimulus measures and rising spending. A consolidation plan has been outlined. This should be implemented and could even be more ambitious, given long-run spending pressures. The consolidation effort would be enhanced by a more detailed, multi-year plan based on limiting current expenditures. Strengthening the budgetary and fiscal institutions would also help. The main challenge for fiscal sustainability is very large future pension costs, with the effects of population ageing amplified by the age profile of cross-border workers. While substantial reserves are being accumulated, the high level of pension benefits needs to be contained through a comprehensive reform of the pension system. The required fiscal consolidation provides an opportunity to improve public sector efficiency, modernise public management and increase value for money. Improving the control of costs in the health system would increase efficiency.

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Zdeněk Hrdlička, Margaret Morgan, David Prušvic, William Tompson et Laura Vartia, *Further advancing pro-growth tax and benefit reform in the Czech Republic*, 19 avril 2010, 53 pages.

[http://www.oilis.oecd.org/oilis/2010doc.nsf/LinkTo/NT00002932/\\$FILE/JT03282010.PDF](http://www.oilis.oecd.org/oilis/2010doc.nsf/LinkTo/NT00002932/$FILE/JT03282010.PDF)

### Réforme du système fiscal tchèque.

- En 2008, le gouvernement tchèque a procédé à une vaste refonte de l'impôt sur le revenu des personnes physiques (IRPP), remplaçant le barème progressif précédemment en vigueur par un taux unique de 15 % prélevé sur une assiette élargie. D'importantes modifications ont aussi été apportées à l'impôt sur les bénéfices des sociétés (IS) et le taux réduit de la taxe sur la valeur ajoutée (TVA) appliqué à de nombreux biens et services a été relevé. La réforme, qui a rendu le système fiscal plus transparent, était globalement conforme aux recommandations de l'OCDE sur la réforme de la fiscalité favorisant la croissance. Ces changements ont fait suite à l'adoption de profondes modifications du système de prestations, notamment de logement et d'assistance sociale, en 2006-07. Cet article décrit les principaux éléments de ces réformes de la fiscalité et des prestations et présente une première évaluation de leurs répercussions, en mettant plus particulièrement l'accent sur l'évolution des taux d'imposition effectifs des travailleurs et des entreprises. Il s'ouvre sur une présentation générale des systèmes et sur une synthèse des changements intervenus récemment. Il expose ensuite une évaluation de ces réformes et s'achève sur une analyse des réformes à envisager.

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Alain de Serres, Fabrice Murtin et Giuseppe Nicoletti, *A framework for assessing green growth policies*, 7 juin 2010, 70 pages.  
[http://www.oilis.oecd.org/oilis/2010doc.nsf/LinkTo/NT00002CoE/\\$FILE/JTo3284988.PDF](http://www.oilis.oecd.org/oilis/2010doc.nsf/LinkTo/NT00002CoE/$FILE/JTo3284988.PDF)

### Politiques vertes conciliées avec les objectifs économiques.

- Cette étude propose un cadre d'analyse pour évaluer les politiques pouvant contribuer à une meilleure intégration des externalités environnementales dans la poursuite d'objectifs d'efficacité et de croissance économique. Le cadre suggéré comporte deux volets. Le premier établit un certain nombre de critères et principes permettant l'identification et le choix de politique qui soient bénéfiques à la fois pour le revenu et l'environnement, ainsi que celles pouvant stimuler la croissance des revenus au moindre coût en termes de qualité de l'environnement (et inversement). De manière générale, la politique la plus efficace en elle-même pour prendre en compte diverses externalités environnementales consiste à mettre un prix à l'émission de pollution ou la sur-exploitation d'une ressource naturelle. Toutefois, dans la mesure où les dommages environnementaux résultent dans bien des cas de l'interaction de plusieurs défaillances de marché, la réponse la mieux adaptée aux circonstances comportera généralement plusieurs instruments de politiques. Le deuxième volet explore les questions d'ajustement structurel que pose la transition vers une économie plus verte. Pour tirer parti des possibilités offertes par une éventuelle restructuration, les politiques facilitant l'entrée de nouvelles firmes et la sortie de firmes dans les secteurs en déclin joueront un rôle important.

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## SOCIAL SCIENCE RESEARCH NETWORK

Manuel A. Utset and Brian D. Galle, *Is Cap & Trade Fair to the Poor? Short-Sighted Households and the Timing of Consumption Taxes*, 1<sup>er</sup> avril 2010, 81 pages.  
[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1576263](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1576263)

### Comment faire pour empêcher la taxe sur l'utilisation du carbone de malmener les pauvres?

- Many forms of consumption tax, including recent proposals to impose a tax on the use of carbon, impose disproportionate burdens on the poor. Commentators who propose mitigating this impact with tax rebates for low-income families have overlooked the importance of the timing of consumption for these households, as well as the difficulties of "smoothing" income from one time period to another. We survey a wide array of evidence suggesting that poor households lack affordable mechanisms for both borrowing and saving, such that a lump-sum rebate, or even monthly rebates, would not leave the household as well off as they were in the absence of any tax. In addition, we show that the cognitive features of a rebate will be problematic for short-sighted households - those who heavily favor the present over the future. For example, they may impatiently spend rebates too quickly, leaving little money for later necessities, and potentially increasing overall carbon usage. And they likely will procrastinate both learning how to overcome these problems, as well as putting off investing in less carbon-intensive goods.

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Alexandre Laurin and Finn Poschmann, *Saver's Choice: Comparing the Marginal Effective Tax Burdens on RRSPs and TFSA's*, 2 avril 2010, 9 pages.  
[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1581672](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1581672)

### Comparaison fiscale à long terme du RÉER et du CÉLI.

- Canada's graduated personal income tax leads most taxpayers to expect higher tax rates when they are working than when they are living on lower incomes from their retirement savings. Yet for many people, marginal effective tax rates on income from retirement savings are higher than those they face during working life. Comparing marginal effective tax rates across income levels suggests that many Canadians with savings in tax-deferred vehicles, like Registered Retirement Savings Plans, should put more future saving in tax-prepaid savings plans, particularly Tax Free Savings Accounts.

Ryan A. Compton, Lindsay M. Tedds and Daniel Sandler, *Quantifying the Benefits of Backdating: A Canada - US Comparison*, 9 avril 2010, 37 pages.

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1586994](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1586994)

Comparaison entre le Canada et les États-Unis d'options d'achat d'actions reçues par des cadres dont la date d'exercice est antérieure à la date où les options sont reçues.

- This paper examines the pre- and post-tax returns to Canadian and US executives who receive backdated stock options (that appear to be at-the-money options) compared to currently-dated in-the-money options. We begin by comparing the Black-Scholes value of backdated at-the-money options to currently-dated in-the-money options (with the same strike price as the back-dated options). We then contrast the pre- and post-tax returns of such options on the assumption that the options are eventually exercised at a time when the options are in-the-money and the shares sold (either immediately or later) at a profit. We demonstrate that a Canadian executive can earn a significantly larger after-tax return from backdated options compared to a US executive due to the favourable Canadian tax treatment of executive options relative to their treatment in the United States. The comparison suggests that the personal tax regime may have had an impact on the desire to receive backdated options in lieu of other forms of compensation in Canada but not so in the United States.

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Ryan A. Compton, Lindsay M. Tedds and Daniel Sandler, *Backdating, Tax Evasion, and the Unintended Consequences of Canadian Tax Reform*, 9 avril 2010, 21 pages.

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1586987](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1586987)

Changements dans l'imposition des options d'achat d'actions : étaient-ils nécessaires?

- In 1984 and 2000, significant changes were made to the tax treatment of employee stock options in Canada. Although designed to increase the use of stock options as a compensation vehicle (1984) and decrease the loss of knowledge workers (2000), we argue that these tax changes were largely ineffective and perhaps unneeded. Further we demonstrate the negative unintended consequences of these actions, specifically that they reward the backdating of employee stock options and promote tax evasion, and discuss the policy implications of these unintended consequences.

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Arthur J. Cockfield, *Optimal Climate Change Tax Policy for Small Open Economies*, 27 avril 2010, 20 pages.

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1596085](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1596085)

Quelle est la solution optimale face au changement climatique pour un gouvernement ayant une petite économie comme le Canada?

- What are the best climate change tax policies for governments with relatively small open economies such as the Canadian one? This chapter assesses recent Canadian government climate change tax policy initiatives, discusses the merits of carbon taxes versus cap and trade solutions then considers the constraints imposed on optimal climate change (or global warming) tax policy by increasing regional and global economic interdependence. The perhaps obvious conclusion is that governments with small open economies should seek collective action solutions to confront climate change challenges: the suggested approach is to develop consensus surrounding the imposition of a global carbon tax with, at least initially, a low rate. In particular, carbon taxes have the virtue of transparency and consistency that responds to concerns set out in the optimal tax and compliance theory literature. An international agreement that focuses on the price of carbon can, at the beginning stages, incorporate regional cap and trade (or other) programs with the aim of ultimately evolving into a global carbon tax.

Patricia F. Apps and Ray Rees, *Australian Family Tax Reform and the Targeting Fallacy*, 8 mai 2010, 36 pages.

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1601088](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1601088)

Le nouveau système fiscal Australien basé sur la famille : est-ce qu'un retour à l'ancien système serait préférable?

- Over recent decades Australia's highly progressive, individual based taxation of families has been replaced by a system that tends towards joint taxation with an inverted U-shaped rate scale. The reform has been implemented by introducing family income targeted child payments (now Family Tax Benefit Part A) and by lowering tax rates on higher incomes. The new system has shifted the burden of taxation towards two-earner families on low and average wages and, in particular, to working married mothers as second earners. For reasons of fairness and efficiency, we propose returning to more progressive individual taxation and universal family payments, and the elimination of tax instruments that create complexity in order to reduce transparency.

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Douglas A. Shackelford, Daniel Shaviro and Joel B. Slemrod, *Taxation and the Financial Sector*, 9 mai 2010, 27 pages.

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1601330](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1601330)

De nouvelles taxes frappant les institutions financières afin de réduire les bénéfices qu'elles ont tirées de la crise économique.

- In the aftermath of the recent financial crisis, a variety of taxes on financial institutions have been proposed or enacted. These taxes' justifications range from punishing those deemed to have caused or unduly profited from the crisis, to addressing the budgetary costs of the crisis, to better aligning banks' and bank executives' incentives in light of the broader social costs and benefits of their actions. Although there is a long-standing literature on corrective, or Pigouvian, taxation, most of it has been applied to environmental externalities, and the externalities that arise from the actions of financial institution are structurally different. This paper reviews the justifications for special taxes on financial institutions, and addresses what kinds of taxes are most likely to achieve the various stated objectives, which often are in conflict. It then critically assesses the principal such taxes that have been proposed or enacted to date: financial transactions taxes, bonus taxes, and taxes on firms in the financial sector that apply based on size, bank liabilities, or excess profits.

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Lily L. Batchelder, *Reform Options for the Estate Tax System: Targeting Unearned Income, Testimony Before the U.S. Senate Committee on Finance*, 11 mai 2010, 22 pages.

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1601652](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1601652)

Réforme de l'imposition au décès aux États-Unis : deux propositions analysées.

- Two reform options are discussed. The first would replace the estate tax system with a comprehensive inheritance tax, under which heirs would pay tax on extraordinary amounts of inherited income at roughly the same rate that presently applies to earned income under the income and payroll taxes. The second would retain the estate tax but better focus it on the amount transferred as a proxy for the amount received. It would do so through a package of simplification reforms that would limit the extent to which the tax burdens on heirs depend on their access to sophisticated tax advice.

This testimony makes three main points. First, inheritances tend to exacerbate existing economic disparities and may be the most important barrier to intergenerational economic mobility. Second, the estate tax system is the most important mechanism by which the current fiscal system mitigates the effect of inheritances on economic disparities and intergenerational mobility. Third, upcoming legislative changes create an opportunity to better focus the estate tax system on the unearned income that inheritances represent.

Ad Van Riet, *Euro Area Fiscal Policies and the Crisis*, 15 avril 2010, 81 pages.

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1325250](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1325250)

Récession : les mesures des pays européens.

- In mid-September 2008, a global financial crisis erupted which was followed by the most serious worldwide economic recession for decades. As in many other regions of the world, governments in the euro area stepped in with a wide range of emergency measures to stabilise the financial sector and to cushion the negative consequences for their economies. This paper examines how and to what extent these crisis-related interventions, as well as the fall-out from the recession, has had an impact on fiscal positions and endangered the longer-term sustainability of public finances in the euro area and its member countries. The paper also discusses the appropriate design of fiscal exit and consolidation strategies in the context of the Stability and Growth Pact to ensure a rapid return to sound and sustainable budget positions. Finally, it reviews some early lessons from the crisis for the future conduct of fiscal policies in the euro area.

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Mark J. Cowan, *Nonprofits and the Sales and Use Tax*, 10 mai 2010, 170 pages.

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1604176](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1604176)

La taxe à la consommation et les taxes à l'utilisation aux États-Unis: Comment les États devraient-ils les appliquer?

- States vary in the application of their sales and use tax regimes to nonprofit organizations. Some states grant broad exemptions, others limit exemptions to an enumerated list of organizations, and others treat nonprofits much like they would any other taxpayer. The purpose of this Article is to analyze ways that states might review, rationalize, and reform the way they apply their sales and use taxes to nonprofit organizations. The Article addresses the key issues of whether sales/use tax exemptions should be used to subsidize nonprofits and whether such subsidies create unfair competition. The Article analyzes the issues from a sales/use tax point of view and a nonprofit point of view – drawing on the practical realities and the theories underlying both areas of the tax law. The analysis highlights longstanding, well-known problems in the broader state sales/use tax systems, but also reveals issues that are unique to nonprofits. For good measure, the political issue of the taxation of Girl Scout Cookies, which seems to arise at nearly every turn, is addressed.

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Michael Waggoner, *Critique of U.S. House Bill 2454 on Climate Change*, 10 mai 2010, 9 pages.

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1604090](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1604090)

Un marché de la pollution ou une taxe sur le carbone: lequel serait le plus approprié?

- This article criticizes the recently-passed House Bill 2454 on climate change and concludes that where cap and trade has met with great resistance from the developing nations, they would have some justification in accepting a carbon tax. A carbon tax would boost their revenues, where cap and trade will place a drag on their economies. A carbon tax, imposed on imports and rebated on exports, would be simplified by eliminating the impose/rebate system on trade between nations with similar carbon taxes, thus giving developing nations an incentive to join the developed nations in imposing such a tax. A carbon tax would be simpler, more fair and effective, and less destructive.

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John A. Miller and Robert Pikowsky, *Taxation and the Sabbatical: Doctrine, Planning and Policy*, 6 avril 2010, 70 pages.

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1584826](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1584826)

Les implications fiscales d'une sabbatique.

- It is common practice for faculty who go on sabbatical leave to take up temporary residence at another location during the sabbatical period. This temporary relocation has significant income tax implications. These tax implications also arise when a faculty member at one institution serves as a visiting scholar at another institution (a scholar's visit). This article

describes the current income tax treatment of sabbaticals and scholar's visits and develops the tax planning hurdles and opportunities posed by this treatment. It concludes with a consideration of the policy issues raised by this state of affairs.

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Edward D. Kleinbard, *An American Dual Income Tax: Nordic Precedents*, 24 avril 2010, 47 pages.  
[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1595079](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1595079)

Analyse du système fiscal des pays nordiques afin de vérifier si un système d'imposition dual pourrait s'appliquer aux États-Unis.

■ This article analyzes the Nordic experience with dual income taxes with a view to their potential utility for tax system design in the United States. The Article demonstrates that, on balance, implementable dual income taxes compare favorably with actual implementations of comprehensive income taxes across several important dimensions.

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Wolfgang Schoen, *Attribution of Profits to PEs and the OECD 2006 Report*, 4 mai 2010, 33 pages.  
[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1596582](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1596582)

Les établissements permanents en fiscalité internationale: l'OCDE propose des modifications.

● The dichotomy between the dependent permanent establishment (PE) and the independent subsidiary has shaped international taxation for decades. In an official report dating from December 2006, however, the OECD for the first time proposed to strengthen the independence of PEs, in particular regarding the finance sector. This paper undertakes to demonstrate that this "separate entity approach" brings about substantial problems in the application of international tax rules, as it bases the allocation of profits on the assumption that risks can be attributed separately to individual PEs or to the head office, namely by assigning the economic consequences of defined entrepreneurial risks to the persons responsible. Yet, a special allocation of risks and opportunities following some vague managerial competence to take decisions appears inappropriate and can hardly be reconciled with the benefit principle as the basis for territorial tax apportionment. Instead, the paper argues that it seems more appropriate to establish the risk structure of the company as a whole and then treat the involved PEs by analogy. Finally, the paper addresses the problem of increased opportunities to manipulate international profit attribution by the introduction of fictitious dealings under the new approach.

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Gary Lucas, Jr., *The Taxation of Emissions Permits Distributed for Free as Part of a Carbon Cap-and-Trade Program*, 27 mai 2010, 67 pages.  
[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1616172](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1616172)

Analyse du nouveau programme du marché de la pollution (cap-and-trade) aux États-Unis proposé par le Président Obama.

■ The Obama administration has proposed a cap-and-trade program to regulate carbon emissions. If the program is adopted, the government will cap carbon emissions at a specified level and require certain firms to surrender emissions permits to cover their emissions. The permits will have significant value, and firms will be able to buy and sell them on a secondary market. The government could raise substantial revenue by auctioning permits, but it seems likely that Congress will instead give away a large share of permits to industries affected by the program.

This article argues that the government should not extend this benefit to firms receiving carbon permits. Instead, carbon permits should be taxed when received. The permits will be valuable assets, and in many cases, giving them to firms will benefit shareholders. Additionally, giving permits away is similar to making a cash grant to recipient firms. If a grant is bad policy, then taxing the grant may be desirable because it reduces the government's net cost. Similarly, because, as the article argues, it is difficult to justify giving away carbon permits in the first place, taxing the permits makes sense. It will allow the government to capture at least a portion of permit value for other uses, e.g., deficit reduction.

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**Équipe de rédaction du Bulletin de veille**

Gilles N. Larin, Fabrice Côté, Jean-François D'Auteuil, Tommy Gagné-Dubé, Simon Lemieux, Louis-Pierre Morin, Jean-Philippe Thériault, Marie Pier Thivierge.