

 **CANADA**

INSTITUT C.D. HOWE

W.B.P. Robson et A. Laurin, « [Outliving Our Savings: Registered Retirement Income Funds Rules Need a Big Update](#) », E-Brief, 4 juin 2014, 12 pages.

**Les règles
fiscales
entourant le
régime des FEER
menacent les
retraités.**

The rules requiring mandatory minimum withdrawals from registered retirement income funds (RRIFs) and similar accounts have not kept pace with the increased life expectancies of Canadians – a problem for retired Canadians trying to balance their need for current income against the risk of outliving their savings. Since 1992, the Income Tax Act has obliged holders of RRIFs and similar accounts to withdraw annual amounts, dictated by an age-related formula, that rise until holders must withdraw 20 percent each year. But in 1992, the federal government was deficit-ridden and hungry for cash. Now it is close to surplus, and the timing of receipt of those taxes matters less to the government. To the RRIF holder, however, the minimums pose a threat. They oblige the holder to run tax-deferred assets down rapidly. Today, people can expect to live much longer after retirement, and real returns on investments that provide secure incomes are much lower. RRIF

holders now face serious erosion in the purchasing power of tax-deferred savings in their later years. The minimum drawdowns from RRIFs and similar vehicles should start later and be smaller, or even disappear entirely.

INSTITUT C.D. HOWE

W. Scarth, « [User Discretion Advised: Fiscal Consolidation and the Recovery?](#) », *Commentary*, no 412, 2014, 28 pages.

**Atteinte du
déficit zéro pour
l'Ontario et le
gouvernement
fédéral :
repousser
l'échéancier
pour stimuler la
demande et
créer de l'emploi.**

Since the financial crisis in 2008, controversy has existed over whether governments should use fiscal policy in an attempt to stimulate economic activity, or whether fiscal consolidation is preferred. Those who call for continued stimulation focus on how slow and incompletely

shared our recovery has been, while those favouring austerity argue that postponement of deficit and debt reduction retards business expansion, thereby hurting the recovery. This study evaluates the many strands of this fiscal policy debate, and applies the lessons to the decisions currently facing the federal and Ontario governments and offered.

CANADIAN CENTRE FOR POLICY ALTERNATIVES

W. Rees, *Avoiding Collapse - An agenda for sustainable degrowth and relocalizing the economy*, 12 juin 2014, 51 pages.

Quelques propositions pour contrer la crise écologique

In this thoughtful paper, UBC Professor Emeritus William Rees, the originator of “ecological footprint analysis”, explores the interconnections between the ecological and social crises we face, and then offers up an inventory of policy solutions to address them. While radical by today's context, his proposals seek to break through the layers of denial that mark dominant economic thinking. His extended essay highlights the most pressing global challenges we face — the climate emergency, the reality of ecological “overshoot” that already exceeds the long-term carrying capacity of the earth and outrageous and unsustainable levels of inequality. But the paper also offers a hopeful way forward, a whole new approach to sustainable planning at every level. The solutions proposed relate to trade policy, taxation policy, regulatory policy, a re-localization of economic planning, and many other areas, but also speak to the urgent need to shift popular culture away from rampant consumerism and a blind faith in material growth. Rees contends that tackling the ecological crisis will require a much more equitable sharing of the world's resources — a “new social contract” both locally and globally.



ÉTATS-UNIS

CENTER ON BUDGET AND POLICY PRIORITIES

C. Marr et C. Huang, *Repatriation Tax Holiday Would Lose Revenue And Is a Proven Policy Failure*, 19 juin 2014, 15 pages.

Some policymakers are promoting another “repatriation tax holiday” to encourage multinational corporations to bring overseas profits back

Les impacts des congés fiscaux pour les multinationales seront négatifs d'un point de vue fiscal et économique.

to the United States by offering them a temporary, very low tax rate on those profits. In particular, some have described a repatriation holiday as a “win-win” that would boost corporate investment and create jobs in the United States and also generate a tax windfall to help finance needed infrastructure spending. In reality, a repatriation tax holiday would accomplish neither goal and instead would worsen the nation's fiscal and economic problems over time.

CENTER ON BUDGET AND POLICY PRIORITIES

E. Williams, *A Guide to State Fiscal Policies for a Stronger Economy*, 24 juin 2014, 8 pages.

Building stronger state economies that create jobs and expand opportunity will require sensible, forward-looking state fiscal policies. States need to invest adequately in education, health care, transportation, and workforce development. To do that, they need to make

Les piliers d'une nation forte et stable : investissements à long-terme, aider les familles, et se tenir loin des stratagèmes politiques.

decisions about how to raise and spend revenues with an eye toward the future. This paper is a guide to fiscal policies that can create jobs now and prime states for long-term prosperity. Each section contains links to CBPP analyses that describe these best practices in more detail. As this paper explains, policymakers should: Target investments to boost the economy, now and in the future; Improve fiscal planning to protect services and investments that promote long-term economic growth; Help struggling families meet basic needs and participate more fully in the

economy, by reducing poverty, hardship, and income inequality; and Avoid ineffective strategies and gimmicks that can weaken the state's economy.

CENTER ON BUDGET AND POLICY PRIORITIES

M. Mazerov, *Congress Should End – Not Extend – the Ban on State and Local Taxation of Internet Access Subscriptions*, 10 juillet 2014, 24 pages.

Est-il temps
d'abolir
l' "Internet Tax
Freedom Act"?

The Internet Tax Freedom Act (ITFA), enacted in 1998 and temporarily renewed in 2001, 2004, and 2007, imposed a moratorium on new state and local taxes on monthly Internet access fees while preserving ("grandfathering") existing Internet access taxes. The House Judiciary Committee recently approved a bill to eliminate the grandfather provision and permanently ban all state and local taxation of Internet access subscriptions. This represents the first time that Congress has seriously considered a permanent ban on taxing Internet service for all states, including those now using these taxes to help support public services. Rather than extend ITFA indefinitely, Congress should lift the ban and let states decide whether they and their local governments will impose their sales and telecommunications taxes on Internet access charges.

CENTER ON BUDGET AND POLICY PRIORITIES

R. Kogan, *Constitutional Balanced Budget Amendment Poses Serious Risks*, 16 juillet 2014, 10 pages.

A balanced budget amendment to the U.S. Constitution would be a highly ill-advised way to address the nation's long-term fiscal problems. It would threaten significant economic harm while raising a host of problems for the operation of Social Security and other vital federal functions. The economic problems are the most serious. By requiring a balanced budget every year, no mat-

ter the state of the economy, such an amendment would raise serious risks of tipping weak economies into recession and making recessions longer and deeper, causing very large job losses. That's because the amendment would force policymakers to cut spending, raise taxes, or both

just when the economy is weak or already in recession — the exact opposite of what good economic policy would advise. When the economy slows, federal revenues decline or grow more slowly and spending on unemployment insurance and other social programs increases, causing deficits to rise. Rather than allowing the "automatic stabilizers" of lower tax collections and higher unemployment and other benefits to cushion a weak economy, the amendment would force policymakers to cut spending, raise taxes, or both. That would launch a vicious spiral of bad economic and fiscal policy: a weaker economy would lead to higher deficits, which would force policymakers to cut spending or raise taxes more, which would weaken the economy further.

L'obligation
constitutionnelle
d'un budget
équilibré,
nonobstant l'état
de économie,
met la sécurité
sociale et
financière en
péril.

TAX POLICY CENTER

B.A. Butrica, B.H. Harris, P. Perun et C.E. Steuerle, *Flattening Tax Incentives for Retirement Saving*, 30 juin 2014, 25 pages.

Under current law, a large share of tax benefits for retirement saving accrues to high-income employees. We simulate the short- and long-term effect of three policy options for flattening tax incentives and increasing retirement savings for low- and middle-income workers. Our results show that reducing 401(k) contribution limits increases taxes for high-income taxpayers; expanding the saver's credit raises saving incentives and lower taxes for low- and middle-income taxpayers; and replacing the exclusion for retirement saving contributions with a 25 percent refundable credit benefits primarily low- and middle-income taxpayers, and raises taxes and

reduces retirement assets for high-income taxpayers.

NATIONAL TAX JOURNAL

Carlianne Patrick, « [Does increasing available non-tax economic development incentives result in more jobs?](#) », *National Tax Journal*, vol. 67, no 2, juin 2014, p. 351-386. (Veuillez noter qu'il faut s'abonner aux publications du NTJ pour consulter ce document.)

This paper examines the job creation effects of state and local non-tax incentives for capital investment, which are relatively understudied in the literature. The paper's primary contribution is the creation of an Incentive Environment Index (IEI) from state constitutional provisions that limit and structure the ability of state and local governmental entities to aid private enterprises. Comparing estimation results across methods reveals that unobserved heterogeneity results in overstatement of policy effects. The most robust estimates indicate that increasing the ability of governments to aid private enterprise has a significant negative medium-term effect on rural county employment levels but otherwise has no effect on employment levels or growth.

NATIONAL TAX JOURNAL

Michael J. Graetz, « [The tax reform road not taken yet](#) », *National Tax Journal*, vol. 67, no 2, juin 2014, p. 419-440. (Veuillez noter qu'il faut s'abonner aux publications du NTJ pour consulter ce document.)

The United States has traveled a unique tax policy path, avoiding value added taxes (VATs), which have now been adopted by every OECD country and 160 countries worldwide. Moreover, many U.S. consumption tax advocates have insisted on direct personalized taxes that are unlike taxes used anywhere in the world. This article details a tax reform plan that uses revenues from a VAT to substantially reduce and reform our nation's tax system. The plan would (1) enact a destination-based VAT; (2) use the revenue

produced by this VAT to finance an income tax exemption of \$100,000 of family income and to lower income tax rates on income above that amount; (3) lower the corporate income tax rate to 15 percent; and (4) protect low-and-moderate-income workers from a tax increase through payroll tax credits and expanded refundable child tax credits. This revenue and distributionally neutral plan would stimulate economic growth, free more than 150 million Americans from having to file income tax returns, solve the difficult problems of international income taxation, and remove the temptation for Congress to use tax benefits as if they are solutions to the nation's pressing social and economic problems.

JOINT COMMITTEE ON TAXATION

The Joint Committee On Taxation, *Present law and background related to proposals to reform the taxation of income of multinational enterprises*, 21 juillet 2014, 99 pages.

Réforme de
l'imposition des
multinationales :
aperçu de la loi
actuelle et
exposé des
modifications
proposées à la
législation

This document prepared by the staff of the Joint Committee on Taxation, includes a description of present law, background on recent global activity related to the taxation of cross-border income, and descriptions and a comparison of

recent proposals to reform the U.S. international tax system. The U.S. rules for the taxation of cross-border income have been the subject of much criticism. Critics have had a few broad, sometimes conflicting policy concerns. On the one hand, critics have argued that the U.S. tax burden on the foreign business income of U.S. companies is too high, particularly when U.S. multinational companies are competing in foreign markets with foreign multinational firms that are subject to little or no home-country tax on foreign income. Commentators also have argued that the U.S. tax rules discourage U.S. companies from investing foreign earnings in the United States and favor reinvestment of the earnings

abroad, even when the pre-tax rate of return on the potential U.S. investment is higher than the pre-tax rate of return on the potential foreign investment. On the other hand, critics have expressed concern that under the U.S. rules for taxing cross-border income, both U.S. and foreign multinational companies reduce the amount of U.S. tax they pay by shifting profits reported for income tax purposes outside the United States and, in some cases, by shifting manufacturing, headquarters, and other business activities outside the United States. Policy makers and commentators in countries other than the United States have expressed similar concerns about the competitiveness of home country firms, about profit shifting by U.S. and home country firms, and about the erosion of the corporate tax bases of those countries by U.S. and home country firms.

JOINT COMMITTEE ON TAXATION

The Joint Committee On Taxation, *Background and present law related to tax benefits for education*, 24 juin 2014, 45 pages.

This document includes a description of present law and analysis relating to tax benefits for education. Present law includes a variety of provisions that provide tax benefits to individual taxpayers for education expenses. These provisions include tax benefits for current expenses, such as the American Opportunity, Hope, and Lifetime Learning credits, the above-the-line for certain higher education expenses, and the exclusions for employer-provided education assistance and scholarships. A deduction for education expenses generally is allowed under section 162 if the education or training (1) maintains or improves a skill required in a trade or business currently engaged in by the taxpayer, or (2) meets the express requirements of the taxpayer's employer, or requirements of applicable law or regulations, imposed as a condition of continued employment.



INTERNATIONAL

SOCIAL SCIENCE RESEARCH NETWORK

S. Carattini, A. Baranzini, *Paying Enough Taxes Already? Testing the Acceptability of Carbon Taxes with Survey Data*, 1^{er} juillet 2014, 31 pages.

In spite of economist's claims, climate policy instruments such as carbon taxes are rarely implemented. This paper analyzes the drivers of carbon taxes acceptability in the semi-direct democratic context of Geneva,

L'implantation
d'une taxe sur le
carbone : une
réussite
écologique
ou un suicide
socio-
économique?

Switzerland. Based on a sample of more than 300 individuals, we assess the effect on acceptability of socioeconomic characteristics, environmental attitudes, social norms as well as individual's perceptions of carbon taxes advantages and disadvantages. We also show that policy design matters for acceptability, in particular earmarking for environmental purposes, and find evidence of an effect of labeling, "climate contribution" leading under some circumstances to larger acceptability than "carbon tax". We infer that proper policy design coupled with effective communication on the effects of carbon taxes may lead to a substantial improvement in acceptability.

OCDE

M. Harding, *Personal Tax Treatment of Company Cars and Commuting Expenses: Estimating the Fiscal and Environmental Costs*, 11 juillet 2014, 71 pages.

The personal income tax rules that apply to employees with respect to transport are fiscally and environmentally important. Tax settings on company car use creates implicit incentives that favour certain modes, and influences how much employees travel. How accurate these rules are in valuing the benefit has important implications for tax revenue, the environment and other social impacts such as congestion? This paper outlines the tax treatment of company cars and commuting expenses, and considers its fiscal and environmental implications.

INSTITUTE FOR FISCAL STUDIES

P. Johnson, *Our complex tax system needs to be tackled. But does the answer lie in the flat tax?*, 11 juillet 2014, 71 pages.

The UK tax system, among several other tax systems in the world is often criticised as being far too complex and inefficient. In this article, the author analyses the efficacy and impacts of integrating a flat tax rate in a tax system, with regards to the simplicity principal of taxation.

SOCIAL SCIENCE RESEARCH NETWORK

J. J. Fichtner, J. L. Fedman, *Reforming the Mortgage Interest Deduction*, 1^{er} juin 2014, 30 pages.

Comment pallier à l'inefficacité de la déduction américaine des intérêts sur hypothèque?

The \$69 billion mortgage interest deduction (MID) is often viewed as an element of the tax code that promotes middle-class prosperity. However, 64 percent of the benefits, as measured

by effective tax reduction, goes to households earning more than \$100,000 per year.

The large variation in nominal benefits is one of the reasons why many economists state that the MID is regressive. High-income earners average a tax benefit nearly nine times greater than a tax filer earning \$50,000-\$100,000. The effective tax reduction of the MID per return among tax filers earning between \$100,000 and \$200,000 is \$1,420. That is still nearly 10 times larger than the \$150 saved by taxpayers earning between \$30,000 and \$50,000. With 65.2 percent of all tax filers claiming to make less than \$50,000, only 9.8 percent of these returns used the mortgage interest deduction. In order to create a simpler, more efficient tax code, policymakers should take care to effectively align tax policy with housing objectives.

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