



CANADA

INSTITUT C.D. HOWE

W. Robson et A. Laurin, « [Challenges, Growth and Opportunity: A Shadow Federal Budget for 2015](#) », 14 avril 2015, 28 pages.

**Que faut-il savoir pour une
meilleure sécurité financière à
la retraite ?**

The 2015 edition of the C.D. Howe Institute's annual Shadow Federal Budget lays out a prudent fiscal course in the face of a challenging world economic environment, bolstering the confidence of Canadians in the sustainability of their public finances. It supports economic growth with tax changes and investments that support business investment and job creation. And it enhances opportunities for Canadians by investing in their skills for the workplace and better preparing them for retirement. The first order of business for this Shadow Budget is to prevent a slide back into red ink. Recent world commodity market swings makes near-term economic growth and fiscal revenue forecasts more uncertain. Doubling the amounts set aside for prudence, selling the government's remaining interest in airport leases, and containing the cost of federal government operations, will protect the budget surplus and strengthen the balance sheet. Measures to improve the transparency of federal

finances through a restatement of Ottawa's obligations for employee pensions, and supplementary information on the present value of future taxes on tax-deferred savings, will facilitate the adoption of more forward-looking fiscal policies. Strong and sustainable economic growth requires policies to promote adjustment to changing market conditions and deploy Canada's physical and technological resources where they will do the most good. Measures to boost Canada's economic dynamism include creating a more efficient payments system, reviewing capital consumption allowances, and ensuring that Crown financial corporations have a clearly articulated mandate complementary to private lending institutions.

INSTITUT C.D. HOWE

C. Busby et W. Robson, « [By the Numbers: The Fiscal Accountability of Canada's Senior Governments, 2015](#) », 16 avril 2015, 28 pages.

**Est-ce que tous les paliers de
gouvernements respectent leurs
cibles budgétaires tout en étant
transparents auprès de leurs
citoyens ?**

Control over public money is fundamental to democratic government, and presents huge challenges to legislators and taxpayers. Getting the information needed to answer simple questions

such as how planned spending in the upcoming year compares to actual results in the prior year can be hard, and ensuring that governments treat their budget targets seriously is a never-ending task. This latest edition of the C.D. Howe Institute's annual report on the fiscal accountability of Canada's federal, provincial and territorial governments assesses the quality of financial information these governments present, and looks at their success or failure in achieving their budgetary goals over the past decade. Its survey of the financial reports reveals some good news: more governments now prepare their budgets on the same basis as their end-of-year public accounts, making comparisons over time easier for their citizens. While these improvements mean that more governments earn high marks for their reporting, some jurisdictions still present numbers in which such key figures as total spending and total revenue are obscure. Inconsistent presentation of numbers to legislators, late reporting, and qualified audits are too common. A major aim of this report is to celebrate the relatively transparent reporting found in New Brunswick and Saskatchewan, and in Ontario and Ottawa, and encourage other jurisdictions to raise their game.

INSTITUT C.D. HOWE

W. Robson et A. Laurin, « *Ottawa's Secret Debt: The Burden and Risks of Federal Employee Pensions* », 7 mai 2015, 17 pages.

**Que se cache-t-il
derrière les
pensions des
employés
fédéraux ?**

The way the federal government reports its pension obligations to its employees obscures both the total cost these plans currently impose on Canadian taxpayers and how changes in economic circumstances can cause that burden to shrink, or to grow. A fair-value estimate for Ottawa's unfunded pension liability was \$244.4 billion at the end of 2013/14 – more than \$31,000 per Canadian family of four, and \$91.3 billion higher than the reported number. A clearer picture of the value of Ottawa's pension promises would likely spur discussion of reforms that could produce more

durable and affordable pensions for federal employees.

CANADIAN TAX FOUNDATION

T. Larre, « *The Role of Intention in Distinguishing Employees from Independent Contractors* », *Revue fiscale canadienne*, vol. 62, no 4, 44 pages.

Dans un revirement plutôt soudain par rapport à la jurisprudence, la Cour d'appel fédérale a indiqué que l'intention commune des parties devait jouer un rôle pour distinguer les employés des entre-

**Distinction
entre employé et
entrepreneur
indépendant :
quel est le poids
de l'intention du
contribuable?**

preneurs indépendants dans les causes fiscales. Un examen de la jurisprudence indique qu'il y a de nombreuses questions sans réponse au sujet du rôle approprié de l'intention, et que l'intention ne joue pas nécessairement un rôle important dans les décisions sur la qualification. L'auteur soutient qu'il n'y a aucune justification pour tenir compte de l'intention et qu'il y a de nombreuses raisons pour lesquelles l'intention ne devrait pas être prise en considération. Cependant, si les tribunaux continuent de considérer l'intention comme pertinente pour faire la distinction entre employés et entrepreneurs indépendants, l'auteur maintient qu'ils devraient clarifier leurs raisons pour légitimer l'intention comme considération pertinente et fournir une orientation pour les causes subséquentes.

INSTITUT ECONOMIQUE DE MONTREAL

Y. Chassin et A. Moreau, *Le Point sur le fardeau fiscal et le revenu disponible des Québécois*, Le Point, avril 2015, 2 pages.

Pour retrouver des finances publiques équilibrées, le gouvernement du Québec a considérablement augmenté le fardeau fiscal des Québécois ces dernières années. Or, comparé aux ménages des autres provinces, le pouvoir d'achat des

Fardeau fiscal des Québécois : le point de rupture est-il atteint?

du Québec, qui se classe donc au 9e rang en la matière. D'après les données de l'Institut de la statistique du Québec, il semble que le fardeau fiscal du Québec ait atteint un niveau tellement élevé qu'il exerce un effet négatif sur la croissance économique et sur le revenu disponible des particuliers.

INSTITUT DE RECHERCHE EN POLITIQUES PUBLIQUES (IRPP)

L.-F. Brodeur, « *Universities need to pay more taxes* », Options politiques, mai-juin 2015, 2 pages.

Il est temps de penser à la façon bâtir des relations solides entre les villes et les universités.

The field of higher education and the role of municipalities have changed dramatically. We can no longer think of cities and universities independently. Universities and cities will grow stronger by developing more robust relationships. Both can gain from more collaboration. And this can be expressed in a new fiscal relationship. By paying municipal taxes, universities will become important stakeholders of municipal governments and their voices will be heard. There are several areas of potential collaboration. For a start, cities and universities can collaborate to adapt public libraries to the needs of the scholarly community, and universities can make their rich collections available to the public. That would benefit all. A second area of possible collaboration is sports. University pools, soccer and football fields, arenas and other athletic facilities could benefit the whole community. And cities could chip in on these costly infrastructures.

ménages québécois est plus faible. Seule l'Île-du-Prince-Édouard possède un revenu disponible par habitant inférieur à celui

INSTITUT DE LA STATISTIQUE DU QUÉBEC

M.-A. Gauthier, *Évolution de la situation financière des ménages québécois entre 1999 et 2012*, Coup d'œil sociodémographique, mai 2015, 11 pages.

Les inégalités dans le partage des richesses se sont amplifiées au Québec.

Entre 1999 et 2012 les inégalités de valeur patrimoniale se sont creusées au Québec entre les familles formant 40 % des familles les moins nanties et celles représentant 60 % des plus riches. En effet, l'avoir net médian s'est accru de moins de 50 % chez les familles moins nanties alors que celui des plus riches a connu une augmentation d'environ 100 %. De plus, les actifs médians dans les fonds de retraite ont connu une augmentation importante (+ 80 %), et ce, à l'instar de la valeur de la résidence principale (+ 89 %). Parmi les changements de comportement en matière d'épargne, on note que le CELI a été adopté par près du tiers des familles québécoises, confirmant ainsi la popularité de ce programme. À l'opposé, la proportion de ménages détenant des REER tend à stagner, tandis que la proportion de ménages possédant des obligations d'épargne a connu une forte diminution depuis 1999. D'autre part, les familles ont plus souvent recours au crédit qu'auparavant. Environ trois familles sur quatre ont contracté des dettes en 2012, alors qu'il ne s'agissait que de deux familles sur trois en 1999. On observe surtout un recours significativement plus élevé aux cartes et aux marges de crédit ainsi qu'aux prêts automobiles. Ces changements de comportement financier se sont notamment traduits par un accroissement du poids des dettes sur marge de crédit, celui-ci représentant dorénavant 11 % de l'ensemble des dettes des ménages en 2012 contre 4 % en 1999. Par contre, contre toute attente, le poids relatif des dettes immobilières est demeuré stable malgré la hausse de la valeur des emprunts hypothécaires.



ÉTATS-UNIS

CENTER ON BUDGET AND POLICY PRIORITIES

C. Marr et B. DeBot, *House Efforts to Make Tax “Extenders” Permanent Are Ill-Advised*, 19 mai 2015, 6 pages.

Rendre permanent le crédit de R&D ne serait pas fiscalement responsable.

The House is set to begin consideration this week of a bill to expand and make permanent the Research and Experimentation (R&E) tax credit. The bill represents the latest installment in a series of bills that House leaders are expected to move to make permanent costly “tax extenders,” a set of tax provisions that policymakers routinely extend for a year or two at a time, most of which expired at the end of 2014. The House has already passed three bills this year to make permanent eight provisions at a ten-year cost of \$127 billion. Expanding and making permanent the R&E credit, one of the biggest business tax extenders, would add another \$177 billion to the deficit over the next decade. Further, it would send the message that such costly, primarily corporate, measures can be made permanent without offsetting their cost, thus opening the door for other provisions to be made permanent (and expanded). The House approach to making these extenders permanent isn’t fiscally responsible. It also places extending these tax breaks above extending key provisions of the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) that benefit tens of millions of low- and middle-income working families (and are slated to expire at the end of 2017).

TAX POLICY CENTER

Eric Toder, *Tax Reform and Small Business*, 15 avril 2015, 15 pages.

There is a growing consensus that the current system of taxing business income needs reform and bi-partisan agreement on some of the main directions of reform, although not the details.

The main drivers for reform are concerns with a corporate tax system that discourages investment in the United States, encourages US multinational corporations to retain profits overseas, and places some US-based multinationals at a competitive disadvantage with foreign-based companies, while at the same time raising relatively little revenue, providing selected preferences to favored assets and industries, and allowing some US multinationals to pay very low tax rates by shifting reported profits to low tax countries.

Une réforme fiscale américaine plus favorable aux petites entreprises.

TAX POLICY CENTER

Elaine Maag, *Investing in Work by Reforming the Earned Income Tax Credit*, 20 mai 2015, 29 pages.

Comment réformer le crédit d’impôt pour emploi afin d’obtenir un impact plus optimal?

The earned income tax credit (EITC) lifts millions of working families out of poverty, but provides little support to workers

without children living at home. Scaling back the EITC and implementing a worker credit based on individual earnings and not contingent on having children at home could provide substantial benefits to all low-income workers, ease administration for the IRS, and encourage work for childless individuals and secondary earners. A broadly available \$1,500 credit would cost around \$870 billion over 10 years; scaled back options are also available.

BROOKINGS INSTITUTE

Niam Yaraghi, *The benefits of health information exchange platforms: Measuring the returns on a half a billion dollar investment*, National Tax Journal, vol. 68, no 1, mars 2015, 13 pages.

Après plus d'une décennie d'investissement dans la numérisation des dossiers médicaux : quel est le retour sur investissement?

In a new paper, Niam Yaraghi tackles a vexing question for those searching for accurate assessments of the effectiveness of HIE platforms and whether government investments in these programs are returning on their investment. In an empirical analysis of the effects of accessing patient information through an HIE platform in two ED settings in Western New York, Yaraghi found querying the HIE database leads to respectively, a 25 percent and 26 percent reduction in the number of laboratory tests and radiology examinations. In the second ED setting, querying the HIE database resulted in 47 percent reduction in the number of radiology examinations. Yaraghi concludes that after more than a decade of investment in HIE platforms we are on the verge of realizing returns on investments on health IT. HIE platforms have the potential to leverage the national investments on interoperability and radically improve the efficiency of health care services.

JOINT COMMITTEE ON TAXATION

The Joint Committee On Taxation, *Choice Of Business Entity: Present Law And Data Relating To C Corporations, Partnerships, And S Corporations*, 10 avril 2015, 39 pages.

This document, prepared by the staff of the Joint Committee on Taxation, provides information about present law and data relating to C corporations, partnerships (including LLCs), and S corporations. Part A of this document provides background information on the choice of business

entity in the United States, describes sole proprietorships and their Federal tax treatment, summarizes present law governing the Federal tax treatment of C corporations, partnerships, and S corporations, and presents a table of the principal differences in tax treatment of these three types of business entities. Part B of this document presents data concerning the distribution of business entities by number, size, industry, and net income.

Quelle entité devriez-vous choisir pour faire affaire aux États-Unis?



INTERNATIONAL

ORGANISATION DE COOPÉRATION ET DE DÉVELOPPEMENT ÉCONOMIQUES

F. Flues et A. Thomas, *The distributional effects of energy taxes*, 1^{er} mai 2015, 75 pages.

Les taxes sur l'énergie: proportionnelles, dégressives ou régressives?

New evidence for 21 OECD countries shows that the distributional effects of energy taxes differ by energy carrier. On an expenditure basis, taxes on transport fuels are not regressive on average, as households in lower expenditure deciles spend a lower proportion of their expenditure on taxes on transport fuels. While the unweighted 21-country average of the proportion of income spent on transport fuel taxes is highest for households in the lowest and in the middle deciles, there is heterogeneity across countries. Some countries show progressive effects of taxes on transport fuels both on an expenditure and an income basis, while others show more proportional effects or tend to place the highest burden on middle expenditure deciles. Taxes on heating fuels are slightly regressive, i.e., the percentage of expenditure spent on them decreases with expendi-

ture. Taxes on electricity are more regressive than taxes on heating fuels.

SOCIAL SCIENCE RESEARCH NETWORK

M. Fochmann et N. Wolf, *Mental Accounting in Tax Evasion Decisions – An Experiment on Underreporting and Overdeducting*, 16 avril 2015, 40 pages.

L'évasion fiscale résulterait davantage d'une sous-déclaration des revenus que d'une surutilisation des déductions fiscales.

Although there is already a variety of papers analyzing tax evasion decisions, only little focus is put on tax evasion of gains and losses. As taxpayers can evade taxes by either underreporting their income or by overdeducting

expenses, we study whether there is a significant difference if subject are confronted with a gain or a loss scenario. We find that individuals evade more in the first than in the latter case. As a consequence, subjects are more willing to evade taxes by underreporting income than by overdeducting expenses. We show that this finding can be explained by mental accounting and an asymmetric evaluation of tax payments and tax refunds. Our result is robust to treatment variation. However, if individuals have to complete only one tax declaration (but still decide on gains and losses) and we therefore expect subjects to use only one mental account, the effect vanishes. This provides strong evidence that mental accounting plays an important role in tax evasion decisions. Further results are presented and discussed.

SOCIAL SCIENCE RESEARCH NETWORK

D. Sanghavi, *Tax Treaty Entitlement Issues Concerning Dual Residents*, 23 avril 2015, 11 pages.

The question whether a dual resident taxpayer is entitled to tax treaties concluded by each residence state with a third state has been controversial. Since 2008, the Organisation for Economic Co-operation

and Development (OECD) Commentary on Article 4(1) of the OECD Model states that such a taxpayer would be entitled to only the tax treaty network of residence state as determined by the tiebreaker rule of the tax treaty between the two residence states. While this may be desirable policy, this article examines whether the interpretation espoused by the commentary is legally accurate.

Quel traité fiscal doit prévaloir sur la situation d'un contribuable ayant une double résidence si les deux États ont contracté un traité avec un État tiers ?

SOCIAL SCIENCE RESEARCH NETWORK

C. Capurso, *Burgers, Doughnuts, and Expatriations: An Analysis of the Tax Inversion Epidemic and a Solution Presented Through the Lens of the Burger King-Tim Hortons Merger*, 23 avril 2015, 33 pages.

One of the major corporate phenomena currently is the idea of tax inversion. In the United States, companies pay taxes on all earnings, whether they were accumulated in this country or not. With one of the highest corporate tax rates in

the world, this is a major expense for U.S. corporations. Most companies simply deal with the tax burden. However, some U.S. corporations buy foreign companies and relocate the company headquarters to that specific country. This corporate expatriation allows companies to avoid U.S.

Comment contrer le phénomène d'inversion fiscale aux États-Unis ?

taxes on earnings in a number of ways. This Note will examine tax inversion through the lens of the recently announced Burger King – Tim Hortons merger and the impending expatriation of the American burger purveyor from Florida to Canada. In particular, this note will (1) examine why tax inversions have come about, (2) look at how politicians and academics have thought to attack the problem, (3) analyze the intricacies of the Burger King-Tim Hortons merger, and (4) propose a new solution that would actually curtail tax inversions and corporate expatriations within the United States.

SOCIAL SCIENCE RESEARCH NETWORK

J. Kwak, *Reducing Inequality with a Retrospective Tax on Capital*, 18 mai 2015, 70 pages.

La mise sur pied
aux États-Unis
d'une taxe sur le
capital
rétroactive
permettrait de
ralentir le fossé
entre le 1 % et le
reste de la
population.

Inequality in the developed world is high and growing: in the United States, 1% of the population now owns more than 40% of all wealth. In Capital in the Twenty-First Century, the economist Thomas Piketty argues that inequality is only likely to increase: invested capital tends to

grow faster than the economy as a whole, causing wealth to concentrate in a small number of hands and eventually producing a society dominated by inherited fortunes. The solution he proposes, an annual wealth tax, has been reflexively dismissed even by supporters of his overall thesis, and presents a number of practical difficulties. However, a retrospective capital tax — which imposes a tax on the sale of an asset based on its (imputed) historical values — can reduce the rate of return on investments and thereby slow down the growth of wealth inequality. A retrospective capital tax mitigates or avoids the administrative and constitutional problems with a simple annual wealth tax and can reduce the rate of return on capital more effectively than a traditional income tax. This Article proposes a revenue-

neutral implementation of a retrospective capital tax in the United States that would apply to only 5% of the population and replace most existing taxes on capital, including the estate tax and the corporate income tax. Despite conventional wisdom, there are reasons to believe that such a tax could be politically feasible even in the United States today.

INTERNATIONAL TAX REVIEW

C. Hermann, *Swiss court challenges fundamental OECD tax principle*, 27 mai 2015, 1 page. (Veuillez noter qu'il faut s'abonner aux publications du *International Tax Review* pour consulter ce document.)

Les tribunaux suisses
redéfinissent la notion de
bénéficiaire effectif.

The OECD has updated the commentaries on the Model Tax Convention (Commentaries) seeking to clarify the concept of beneficial ownership in tax treaties. Charles Hermann, a financial services tax partner at KPMG, explores beneficial ownership issues arising from the 'Swiss Swap' case.

7



DIVERS

VÉRIFICATEUR GÉNÉRAL DU QUÉBEC

Vérificateur Général, *Vérification de l'optimisation des ressources*, Rapport du Vérificateur général du Québec à l'Assemblée nationale pour l'année 2015-2016, printemps 2015, 280 pages.

Premièrement, Loto-Québec s'est dotée d'un encadrement qui favorise une bonne gestion contractuelle, notamment d'une politique claire à cet effet. De plus, pour les dossiers examinés se rapportant à un appel d'offres public, les règles d'adjudication ont été respectées. Par contre, la

Faits saillants de l'évaluation de la performance de Loto- Québec en matière d'acquisition de biens et services.

sollicitation des fournisseurs ne permet pas d'atteindre pleinement l'objectif du libre jeu de la concurrence. Le nombre moyen de soumissions jugées conformes et acceptables qui ont été reçues à la suite d'appels d'offres publics est peu élevé, soit 1,9 pour les 13 dossiers examinés. Ensuite, la composition des comités de sélection pourrait être améliorée, ce qui permettrait d'assurer la neutralité des évaluations. Les règles de Loto-Québec s'éloignent des saines pratiques de gestion, notamment quant à la présence systématique d'une personne responsable de l'acquisition dans le secteur qui requiert l'achat et à l'évaluation de la qualité des soumissions par le secrétaire. Loto-Québec n'a pas établi de balises pour guider les agents d'approvisionnement dans la détermination de la proportion à accorder à la qualité dans les évaluations. Pourtant, celle-ci peut avoir une incidence sur le prix qui sera payé et sur le choix du fournisseur. D'autre part, Loto-Québec peut modifier des facteurs servant à l'évaluation des soumissions lorsque les enveloppes contenant les informations y afférentes sont ouvertes. Cela ne favorise pas le traitement intègre et équitable des concurrents. Nous avons constaté cette situation dans un dossier. L'information de gestion disponible ne favorise pas la détermination des éléments nécessitant des améliorations et ne permet pas d'évaluer la performance en matière d'acquisition de biens et de services.

Équipe de rédaction

Coordination, édition et révision :
Marwah Rizqy.

Recherche et sélection des articles :
Marie-Danielle Alarie, Nicolas Déziel-Belleville, Catherine Tremblay-Bouchard, Camil Chaput, Anne Lantagne et Ikram Meghiref.

Site de la Chaire :

<http://www.usherbrooke.ca/chaire-fiscalite>

**Pour vous abonner gratuitement
au Bulletin de veille et aux
publications de la Chaire :**
cffp.adm@USherbrooke.ca