



## Chaire en fiscalité et en finances publiques

# Bulletin de veille

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## QUÉBEC/CANADA

### CENTRE CANADIEN DE POLITIQUES ALTERNATIVES (CCPA)

D. Macdonald, « [A Policymaker's Guide to Basic Income](#) », 5 octobre 2016, 22 p.

Le revenu minimum garanti : il faut privilégier le modèle d'impôt négatif sur le revenu

There has been a resurgence of political interest in Canada in the rather old idea of a universal basic income, sometimes called a guaranteed annual income. Essentially, a basic income is a “no strings attached” transfer from government to individuals or families that can be simpler to administer and provide more dignity to recipients than welfare payments and other forms of social assistance. This report simulates various potential basic income models to determine which ones do better at reducing poverty in a cost-effective way.

Specifically, this paper assesses two broad approaches: (1) the one-size-fits-all (universal) basic income, where all Canadians receive an identical cheque in the mail at regular intervals (probably annually); and (2) a negative income tax approach that is geared to income, i.e., the richest Canadians receive nothing and the poorest receive the maximum income supplement. Within these approaches, the author simulates multiple scenarios

using Statistics Canada's Social Policy Simulation Database and Model (SPSD/M) in an attempt to determine their costs and likely impacts on poverty.

### CENTRE CANADIEN DE POLITIQUES ALTERNATIVES (CCPA)

Alex Himelfarb et Trish Hennessy, « [Basic Income: Rethinking Social Policy](#) », 6 octobre 2016, 62 p.

Analyse des multiples facettes du revenu minimum garanti

This compendium offers a wide range of considerations that any government or policy maker attempting to embed a basic income as an objective of their mandate ought to consider. The contributors to this compendium have different views on the risks and benefits of a basic income, but all agree that we must not waste this opportunity to rethink welfare and put equality and social justice back at the centre of public policy.

### CENTRE INTERUNIVERSITAIRE DE RECHERCHE EN ANALYSE DES ORGANISATIONS (CIRANO)

Jean-Philippe Meloche, François Vaillancourt et Stéphanie Boulenger, « [Le financement des municipalités du Québec :](#)

comparaisons interjuridictions et éléments d'analyse », octobre 2016, 58 p.

### Les taxes représentent plus de la moitié des revenus des gouvernements locaux

Ce rapport de recherche dresse un portrait de la situation financière des municipalités québécoises pour en faire ressortir des pistes de réflexion sur un éventuel pacte fiscal renouvelé avec le gouvernement du Québec (Pacte 2019+). Il propose dans un premier temps une analyse comparative des finances des municipalités du Québec avec celles d'autres juridictions similaires au Canada (Ontario, Alberta et Colombie-Britannique) et aux États-Unis (New York, New Jersey, Pennsylvanie, Massachusetts, Floride et Californie). Il présente ensuite une analyse des relations financières entre les municipalités du Québec et les paliers de gouvernement supérieurs et leur évolution de 2010 à 2014. L'étude montre que les outils de financement dévolus aux municipalités sont adéquats par rapport à leurs responsabilités. Malgré l'importance de l'impôt foncier dans le financement des municipalités, les contribuables québécois ne paient pas plus d'impôt foncier que les citoyens de la plupart des autres territoires étudiés. En contrepartie, ils paient beaucoup moins de tarifs. Des avenues intéressantes pour diversifier les recettes des municipalités résident donc dans la tarification. Du côté des transferts, l'analyse montre un recours à une multitude de programmes relativement strictes qui génèrent une certaine rigidité dans le financement des municipalités. Des programmes de transferts simplifiés et « non conditionnels » pourraient mener à des dépenses municipales mieux ciblées. Enfin, l'étude ne trouve pas de lien entre la taille des villes en termes de population ou en termes de dépenses et le recours à certains outils de financement. Sur le plan fiscal, lorsque les grandes villes assument des fonctions similaires au plus petites, il apparaît normal qu'elles disposent des mêmes outils de financement.

### COMMISSION DE L'ÉCOFISCALITÉ DU CANADA

Commission de l'écofiscalité du Canada, « [Corriger le tir : l'heure est venue de repenser les politiques canadiennes sur les biocarburants](#) », 4 octobre 2016, 75 p.

### La tarification du carbone constitue une approche efficiente de réduction des émissions

À l'examen des aspects économiques et environnementaux des politiques canadiennes, le rapport vise à déterminer dans quelle mesure elles ont rempli leurs objectifs. Il établit qu'elles ont généré des réductions d'émissions de 3 Mt par année, mais à un prix très élevé. Et il conclut à la nécessité de mesures à faible intensité carbonique dans le secteur des transports, en complément des politiques de tarification du carbone adoptées par un nombre croissant de provinces.

### CONFERENCE BOARD DU CANADA

Julie Ades, Daniel Fields, Alicia Macdonald et al., « [A Long-Term View of Canada's Changing Demographics: Are Higher Immigration Levels an Appropriate Response to Canada's Aging Population?](#) », Octobre 2016, 54 p.

### Une immigration accrue permettrait de réduire la pression sur les finances publiques causée par le vieillissement de la population

This report explores how increasing immigration could change the implications of an aging population. First, we generate five long-term population scenarios based on differing immigration assumptions. These scenarios range from Canada having a population of 53.7 million by 2100 (Status Quo Scenario) to 100 million in the final, most optimistic scenario (100 Million Scenario). We then examine how these assumptions will affect the size and age structure of the population through the next 84 years. Second, we look at how the various demographic scenarios will affect the Canadian economy and, in turn, governments' fiscal resources to pay for public spending programs.

### FRASER INSTITUTE

C. Lammamm, « [Submission to British Columbia's Commission on Tax Competitiveness](#) », 29 septembre 2016, 22 p.

## Étude comparative du système de taxation de la Colombie-Britannique: Problèmes et solutions

Economic research indicates that tax rates affect people's behaviour, with higher taxes contributing to lower rates of economic growth, personal income growth, capital formation, and entrepreneurship. Research on taxation also finds that different taxes impose different costs on the economy. Specifically, production or capital-based taxes impose much higher costs on an economy than do less costly taxes such as consumption taxes. Unlike the consumption-based Harmonized Sales Tax (HST), the Provincial Sales Tax (PST) is partly a consumption tax and partly a tax on production. Restoring the PST has therefore increased the cost of investing in British Columbia and undermined the province's economic competitiveness.

Primarily due to the re-implementation of the PST, BC's tax system poses a challenge for the province in terms of attracting investment and facilitating economic growth. Without a more competitive system, BC risks losing entrepreneurs and investment that may gravitate elsewhere. Inaction ultimately means fewer opportunities and less prosperity for British Columbians.

This submission examines BC's performance relative to other provinces in three key areas of taxation (business taxes, property taxes, and personal income taxes) and provides reform options for each area.

### INSTITUT ÉCONOMIQUE DE MONTRÉAL (IÉDM)

Y. Chasin, « [The State of Tobacco Policy in Canada: The Case of Plain Packaging](#) », 29 septembre 2016, 52 p.

#### Le tabac comme exemple pour la taxation de l'alcool et de la malbouffe

Au Canada, l'industrie du tabac est l'une des plus lourdement réglementées et contrôlées, et fumer, parce que dangereux pour la santé, est l'un des comportements les plus réglementés. Cela fournit un bon exemple de jusqu'où un comportement risqué peut être réglementé et taxé au Canada. Le

cas du tabac peut aussi indiquer comment le gouvernement pourrait éventuellement réglementer et taxer d'autres industries comme l'alcool, la restauration rapide ou les boissons gazeuses.



## ÉTATS-UNIS

### CENTER ON BUDGET AND POLICY PRIORITIES

C-C, Huang, « [Three Type of "Repatriation Tax" on Overseas Profits: Understanding the differences](#) », 7 octobre 2016, 6 p.

#### Différents moyens politiques et fiscaux pour encourager les multinationales à rapatrier leurs profits de l'étranger

Two proposals to address multinational corporations' large stockpile of offshore profits — a transition tax on those profits and a repatriation tax holiday — may appear similar at first blush but are opposites in many ways. A transition tax is a sound policy that would raise revenues for infrastructure investments or other uses; a repatriation holiday is a tax cut that loses revenue and consequently cannot pay for anything. A third proposal, a “deemed repatriation,” could resemble a transition tax or a repatriation tax holiday, depending on the tax rate. All three types of proposals are sometimes referred to as “repatriation taxes,” but it is important to distinguish among them because of their very different effects on revenue and multinationals' incentives to shift profits offshore

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### INSTITUTE ON TAXATION AND ECONOMIC POLICY (ITEP)

R. Philips, M. Gardner, K. Kitsone et al., « [Offshore Shell Games 2016](#) », 4 octobre 2016, 58 p.

#### Les paradis fiscaux : L'avantage compétitif des multinationales

U.S.-based multinational corporations are allowed to play by a different set of rules than small and domestic businesses or individuals when it

comes to paying taxes. Corporate lobbyists and their congressional allies have riddled the U.S. tax code with loopholes and exceptions that enable tax attorneys and corporate accountants to book U.S. earned profits to subsidiaries located in offshore tax haven countries with minimal or no taxes. The most transparent and galling aspect of this is that often, a company's operational presence in a tax haven may be nothing more than a mailbox. Overall, multinational corporations use tax havens to avoid an estimated \$100 billion in federal income taxes each year.

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## TAX FOUNDATION

K. Pomerleau, « [2016 International Tax Competitiveness Index](#) », 5 octobre 2016, 47 p.

### Comparer la compétitivité et la neutralité du système fiscal canadien

The structure of a country's tax code is an important determinant of its economic performance. A well-structured tax code is easy for taxpayers to comply with and can promote economic development, while raising sufficient revenue for a government's priorities. In contrast, poorly structured tax systems can be costly, distort economic decision making, and harm domestic economies. Many countries have recognized this and have reformed their tax codes. Over the past few decades, marginal tax rates on corporate and individual income have declined significantly across the Organisation for Economic Co-operation and Development (OECD). Now, most nations raise a significant amount of revenue from broad-based taxes such as payroll taxes and value-added taxes (VAT). New Zealand is a good example of a country that has reformed its tax system. In a 2010 presentation, the chief economist of the New Zealand treasury stated, "Global trends in corporate and personal taxes are making New Zealand's system less internationally competitive."<sup>1</sup> In response to these global trends, New Zealand cut its top marginal individual income tax rate from 38 percent to 33 percent, shifted to a greater reliance on the goods and services tax, and cut its corporate tax rate to 28 percent from 30 percent. New Zealand added these changes to a tax system that already had multiple competitive features, including no inheritance tax, no general capital gains tax, and no payroll taxes. Some nations, however, have not kept up with the global trend. The

United States, for example, has not reduced its federal corporate income tax rate from 35 percent since the early 1990s. As a result, its combined federal, state, and local corporate tax rate of 39 percent is significantly higher than the average rate of 25 percent among OECD nations.<sup>2</sup> In addition, as most OECD nations have moved to a territorial tax system, the United States has continued to tax the worldwide profits of its domestic corporations. Other nations have moved further from well-structured tax policy. Over the last few decades, France has introduced a number of reforms that have significantly increased marginal tax rates on work, saving, and investment. For example, France recently instituted a corporate income surtax that pushed its corporate income tax rate from 33.3 percent to as high as 38 percent. In addition, it has other distortive taxes such as the financial transactions tax, a net wealth tax, and an inheritance tax.

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## TAX FOUNDATION

Justin M. Ross, « [Gross Receipts Taxes: Theory and Recent Evidence](#) », 6 octobre 2016, 10 p.

### De nouvelles preuves quant à l'inefficacité de la taxe de vente

This examination of the theory and evidence in economic research creates a powerful case against the gross receipts tax. The structure of gross receipts taxes creates an uneven playing field among competitive producers of similar goods. Specifically, the tax favors firms that own a larger share of the production process. Secondly, gross receipts taxes also favor firms with higher net incomes relative to their receipts, a circumstance more likely for established firms than new entrants. The tax also is appealing to policymakers who wish to underrepresent the cost of government by spreading the tax across the product chain. These combined distortions weaken the economy's potential for growth. There exists careful empirical work that finds support for these concerns. The evidence and theory also explain the history of gross receipts tax use in most of the world. When economies are largely informal or unobservable by the existing tax authorities, the gross receipts tax might offer fewer distortions than a profits tax. Most American states quickly adopted the tax during the Great Depression, and

abandoned it quickly thereafter. European countries made abandonment of product turnover taxes a requirement for joining their economic union, and developing and low income countries today continue to employ it. Countries aspire through reform to avoid resorting to gross receipts taxes because of their hindrance to growth and development. Moving in the opposite direction should not be a goal of tax reform within the United States.

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## TAX POLICY CENTER

E. Toder et A. Viard, « [Replacing Corporate Revenues with a Mark-to-Market Tax on Shareholder Income](#) », 1er octobre 2016, 33 p.

Réduire l'impôt des sociétés aux États-Unis pour réduire l'érosion des capitaux

We propose reducing the corporate tax rate to 15 percent and replacing the foregone revenue with a tax at ordinary income rates on the accrued, or mark-to-market, income of American shareholders of publicly traded corporations, accompanied by an imputation credit for U.S. corporate income taxes paid. The proposal would dramatically reduce the tax significance of the source of corporate profits and the residence of corporations, both of which can be easily manipulated. Lowering the corporate tax rate to 15 percent would encourage a flow of capital into the United States and reduce incentives to shift reported profits overseas and to engage in inversion transactions, while continuing to impose tax on foreigners who earn economic rents from investing in the United States. The proposal includes provisions for averaging of mark-to-market income, transition relief for firms that move from closely held to publicly traded status, and other measures to address the challenges of mark-to-market taxation. We estimate that the proposal would be approximately revenue-neutral and would make the distribution of the tax burden slightly more progressive.

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## TAX POLICY CENTER

R.Auxier et L.Burman et J.Nunns et al., « [Updated Analysis of Hillary Clinton's Tax Proposals](#) », 11 octobre 2016, 31 p.

Hillary Clinton veut augmenter les impôts des contribuables les plus riches

This paper updates an analysis of Hillary Clinton's tax proposals, which would raise taxes on high-income taxpayers, increase the child tax credit, modify taxation of multinational corporations, reform capital gains taxes, and increase estate and gift taxes. Her proposals would increase revenue by \$1.4 trillion over the next decade. Nearly all of the tax increases would fall on the highest-income 1 percent; on average, low- and middle-income households would see small increases in after-tax income. Marginal tax rates would increase for high-income filers, reducing incentives to work, save, and invest, and the tax code would become more complex.

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## TAX POLICY CENTER

J. Nunns et L. Burman et J. Rohaly et al., « [An Analysis of Donald Trump's Revised Tax Plan](#) », 11 octobre 2016, 29 p.

Donald Trump veut réduire les impôts des contribuables les plus riches

This paper analyzes presidential candidate Donald Trump's revised tax proposal, which would significantly reduce marginal tax rates, increase standard deduction amounts, repeal personal exemptions, cap itemized deductions, and allow businesses to elect to expense new investment and not deduct interest expense. His proposal would cut taxes at all income levels, although the largest benefits, in dollar and percentage terms, would go to the highest-income households. Federal revenues would fall by \$6.2 trillion over the first decade before accounting for added interest costs. Including interest costs, the federal debt would rise by \$7.2 trillion over the first decade and by \$20.9 trillion by 2036.

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D. Marron, « Goldilocks Meets Private Equity: Taxing Carried Interest Just Right », 6 octobre 2016, 20 p.

Une troisième avenue pour régler la  
controverse sur l'imposition des intérêts  
reportés

Controversy rages about how to tax carried interest. One view sees carry as compensation that should be taxed like other labor income. Another sees carry as a reward for financial risk-taking that should be taxed like capital income. A third sees carry as creating a costly tax arbitrage. In this paper, Donald Marron shows how we can reconcile these three views. Current practice taxes carry too little. Treating it as labor income without other reforms taxes it too much. To tax carried interest just right, it should be labor income for managers and deductible against ordinary income for investors.

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