



## Chaire en fiscalité et en finances publiques

# Bulletin de veille

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## QUÉBEC/CANADA

### CHAIRE EN FISCALITÉ ET EN FINANCES PUBLIQUES (CFFP)

Y. St-Maurice, L. Godbout et al., « *La soutenabilité budgétaire à long terme du Québec, édition 2018. Des défis subsistent.* », 7 novembre 2018, 47 p.

Des choix difficiles devront être faits au cours des prochaines années si le gouvernement du Québec souhaite maintenir la soutenabilité budgétaire et l'équité intergénérationnelle.

La question à l'étude est relativement simple : dans l'état actuel des choses, le gouvernement du Québec est-il en mesure de garantir l'équité intergénérationnelle? Pour y répondre, les hypothèses démographiques et économiques ont été revues pour tenir compte des plus récents travaux de recherche sur les sujets abordés et des plus récentes statistiques.

Dans notre scénario central la prochaine décennie tend relativement vers l'équilibre budgétaire et un niveau d'endettement sous contrôle. Par contre, à partir de 2028, les déficits budgétaires progressent. On peut donc dire, qu'il reste, grosso modo,

une décennie pour organiser nos finances publiques en vue de conjuguer transition démographique et équilibre budgétaire, dans une perspective d'équité intergénérationnelle. Par la suite, malgré des hypothèses confiantes en l'avenir et misant sur l'augmentation des taux d'emploi, sur la croissance de la productivité et sur l'évolution de la technologie dans le domaine de la santé, les conclusions demeurent fermes : les finances publiques du Québec seront sous tension à long terme.

Dans à peine 20 ans, soit en 2038, le déficit du gouvernement du Québec pourrait atteindre 10,3 milliards de dollars, soit 1,2 % du PIB. Ce résultat serait essentiellement la conséquence d'une croissance annuelle composée des dépenses, notamment celle de la santé, supérieure à la hausse des revenus consolidés. À plus long terme, en 2058, le déséquilibre apparaît encore plus évident.

Évidemment, il ne faut pas interpréter les résultats de ce rapport comme étant un présage de l'apocalypse. Il y a fort à parier que dans 20 ans nos projections ne se seront pas matérialisées car les décideurs politiques auront au fil des années pris des décisions, souvent difficiles, afin d'ajuster le tir pour éviter l'apparition de déficits à répétition. Ils ont maintenant un aperçu des efforts qu'ils devront fournir pour financer les coûts de reconduction des programmes gouvernementaux dans un contexte de vieillissement de la population et assurer le respect de l'équité intergénérationnelle.

## CHAIRE EN FISCALITÉ ET EN FINANCES PUBLIQUES (CFFP)

F. Vaillancourt, A. Kerkhoff et L. Godbout, « [L'imposition des gains en capital au Canada – 1972-2018](#) », 14 novembre 2018, 25 p.

Depuis l'an 2000, il y a eu peu de changements dans le traitement des gains en capital au Canada. Comprendre comment nous en sommes arrivés à la situation actuelle peut nous permettre de mieux comprendre ce que l'avenir nous réserve.

L'imposition des gains en capital au Canada a été introduite en 1972 à la suite des recommandations de la Commission royale d'enquête sur la fiscalité. Le présent document retrace l'évolution du système en se concentrant en particulier sur les trois points suivants :

1. l'interaction entre l'imposition des gains en capital et les droits de succession, ces derniers étant ramenés à zéro dans les années 70 (au Québec dans les années 80);
2. l'introduction progressive (1985) et l'abolition abrupte (1994) d'une exonération cumulative des gains en capital (ECGC) disponible à tous les contribuables;
3. l'évolution du taux d'inclusion (50 % en 1972-1988 ; 66 2/3 % en 1988-1989; 75 % en 1990-2000; et 75 à 66 2/3 % à 50 % en 2000 et 50 % par la suite)
4. les approches convergentes puis différentes sur l'inclusion des gains en capitaux dans le revenu imposable de l'Ontario et du Québec.

Après un bref rappel du contexte de l'imposition des gains en capital au Canada, le cahier se divise en trois parties. La première partie, de nature historique, présente un ensemble de statistiques sur l'importance de l'imposition des gains en capital au Canada (montant en dollars, nombre de contribuables, dépenses fiscales connexes, et ainsi de suite pour les années clés) puis traite de l'interaction entre imposition des gains en capital et droits de succession. La deuxième partie rappelle brièvement le pour et le contre de taxer les gains en capital puis examine divers impacts possibles de

l'ECGC. La troisième partie du texte examine les modifications du taux d'inclusion de 2000 et les positions de l'Ontario et du Québec sur ce taux.

## CPA CANADA

CPA Canada, « [Tendances internationales en matière de réforme fiscale : Le Canada perd du terrain](#) », Octobre 2018, 28 p.

Le Canada est mûr pour une révision complète de son régime fiscal et pourrait s'inspirer de pays qui ont agi en ce sens au cours des dernières années.

Des États-Unis à la France, des Pays-Bas au Japon, de nombreux pays développés, dont d'importants partenaires commerciaux du Canada, ont achevé ou amorcé de grandes réformes fiscales. D'autres pays, comme le Royaume-Uni, la Nouvelle-Zélande et l'Australie, ont procédé à un examen complet de leur régime fiscal.

En menant des examens approfondis et des réformes ciblées, les pays s'assurent que leur régime fiscal répond toujours aux objectifs budgétaires qu'ils se sont fixés pour générer les recettes nécessaires au financement des programmes publics, attirer les investissements et favoriser la croissance économique.

Dans notre rapport, nous explorons les répercussions qu'a pour le Canada son inaction en matière de réforme fiscale tandis que d'autres pays instaurent de grands changements, et nous examinons les enseignements que l'on peut tirer de trois examens approfondis entrepris à l'étranger.

## INSTITUT DES FINANCES PUBLIQUES ET DE LA DÉMOCRATIE (IFPD)

R. Bartlett et A. Reeves, « [Federal Fiscal Forecast: Accounting Revisions and Political Divisions](#) », 6 novembre 2018, 20 p.

Le gouvernement fédéral devra faire preuve d'une certaine responsabilité financière en plus de maîtriser ses

dépenses ou générer davantage de revenus pour les couvrir.

One year out from the 2019 federal election, and the battle lines are being drawn. Corporate income tax (CIT) rate cuts in the US have challenged Canada's business tax advantage, and the pressure is on for the federal government to respond in the Fall Economic Statement. And then you have the federal carbon tax, the constitutionality and rationality of which is being challenged by several provincial governments and by every federal party on the right of the political spectrum. Beyond taxes, there is also the issue of the glacial pace at which infrastructure dollars have been flowing, resulting in large lapses. Add to that the flood of red ink spilled on the federal government's fiscal forecasts, and Canadians should be prepared to be served up a spicy medley of rhetoric and public policies as Budget 2019 and election platforms are prepared.

## INSTITUT FRASER

G. Hufbauer et S. Globerman, « [The United States–Mexico–Canada Agreement: Overview and Outlook](#) », 1 novembre 2018, 15 p.

Le nouvel accord États-Unis-Mexique-Canada (USMCA) représente une occasion manquée de libéraliser les échanges en Amérique du Nord.

This new study identifies how USMCA differs from NAFTA, and what elements of the two agreements are the same.

The new trade deal leaves intact protections in many sectors, to the detriment of Canadians. For example, USMCA only increases U.S. access to Canada's dairy market from 3 per cent to 3.59 per cent.

Likewise, previous protections for the telecommunication and banking sectors remain intact, meaning Canadians will continue to pay comparatively higher cellphone bills and banking fees.

Crucially, when it comes to the North American auto sector, the USMCA introduces much more managed trade, even imposing limits on how many automobiles (and auto parts) Canada and

Mexico will send into the U.S. and tightens the "rules of origin" requirement for auto parts.

"This new free trade deal is much more about protecting domestic producers than about benefiting consumers or liberalizing trade across the continent."

## THE SCHOOL OF PUBLIC POLICY (UNIVERSITÉ DE CALGARY)

J. Wood, « [The Pros and Cons of Carbon Taxes and Cap-and-Trade Systems](#) », SPP Briefing Paper Volume 11:30, 15 novembre 2018, 20 p.

Des juridictions à faible potentiel d'émissions de carbone, comme le Québec, auraient avantage à adopter une taxe sur le carbone.

As part of Canada's effort to meet its commitment to the 2015 Paris climate accord, the provinces must establish their own carbon pricing policies or the federal government will impose a policy on them. When choosing among the various policies, provincial governments should first determine how much a particular policy will negatively affect economic competitiveness in their jurisdictions. When the negative impacts are judged to be low, a carbon tax on each tonne of greenhouse gas emissions (GHG) is the preferred choice. A cap-and-trade policy allocating tradable permits under a market price, or a hybrid combination of carbon tax and cap-and-trade, is best when the negative impacts could be high.

These three policies can all satisfactorily achieve emissions reductions. However, other variables must be taken into consideration, including the provision of price certainty, how strongly each policy promotes innovative research into cleaner technologies, the complexity and costs of set-up, the policy's salience, or visibility to consumers, and the amount of revenue it can raise.



# ÉTATS-UNIS

## CENTER FOR AMERICAN PROGRESS

A. Schwartz, « [The Realities of Economic Development Subsidies](#) », 1<sup>er</sup> novembre 2018, 17 p.

Les crédits d'impôt visant à garder les emplois dans les grandes sociétés sur le territoire américain ratent leur cible.

Politicians, it seems, always crave credit for the creation of new jobs in their communities; but in a free market economy, governments play only a partial role when it comes to determining where businesses locate and who they hire. Still, in today's headline-focused media culture, short-term political optics often outweigh reality, and elected officials spend considerable time and effort to spur economic development—especially at the state and local levels.

In many places, the economic development game plan consists of offering incentives to a select number of firms based on a narrow set of criteria, such as industry type or employment levels, instead of ensuring robust investment in education, workforce training, infrastructure, and other essential public goods. While state and local tax incentives for small to midsize companies have tripled since 1990, efforts have increasingly shifted toward moonshot strategies—massive proposals aimed at luring extremely large corporations that hold the promise of significant jobs and investment, but which often come at an extremely high per-job cost. Examples of the strategy abound, including semiconductor manufacturer Global Foundries in New York; the Boeing Corporation in Washington and South Carolina; foreign automakers in southern states; and, more recently, the electronics manufacturer Foxconn Technology Group in Wisconsin as well as Amazon in its yet-to-be-determined second headquarters (HQ2) location.

Unfortunately, elected officials, fixated on short-term political interests, promoted the positives of these incentives—jobs and economic growth—while minimizing or ignoring the downsides—financial and opportunity costs. Their decision to do so is completely rational. The announcement of a

deal between a government and a company typically includes the promise of jobs retained or created and millions of dollars in new investment. These benefits are a politician's dream because they create immediate positive headlines. In fact, one public finance expert calls it the "ribbon-cutting syndrome." Meanwhile, any negatives, such as companies failing to deliver on their promises, come to light much later and often receive less attention. And in some cases, companies even started construction on a new facility while still pursuing incentives to locate there.

## CONGRESSIONAL BUDGET OFFICE

P. Burnham, « [How Taxes Affect the Incentive to Invest in New Intangible Assets](#) », 15 novembre 2018, 42 p.

La réforme fiscale américaine de 2017 a mis en place des incitatifs favorisant davantage l'investissement en actifs incorporels, engendrant un taux effectif d'imposition inférieur pour les revenus tirés de ceux-ci.

In a 2014 report, the Congressional Budget Office calculated the tax burden on income from investments in tangible assets—that is, assets whose value is derived from physical attributes. In this report, the agency extends its analysis to investments in intangible assets, or assets that do not derive their value from physical attributes, such as software, chemical formulas arising from research and development, and literary works. Two key findings are these:

- The tax burden on income from investment in intangible assets is generally lower than the tax burden on income from investment in tangible assets.
- With respect to equity-financed investments by C corporations, the 2017 tax act (Public Law 115-97) increases the tax burden on research and development from 2022 on but reduces the tax burden on most other types of investments in intangible assets.

Compared with tangible assets, intangible assets generally take more time to develop and have a higher risk of failure. Because those factors are especially important for understanding how taxes

affect investments in intangible assets, CBO implemented a new analytical method in this report that incorporates their effects.

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## INSTITUTE ON TAXATION AND ECONOMIC POLICY (ITEP)

S. Wamhoff et C. Davis, « [A Fair Way to Limit Tax Deductions](#) », 14 novembre 2018, 14 p.

Le Congrès américain devrait envisager de remplacer le plafond du « state and local taxes (SALT) » par un « plafond » de type différent pour résoudre l'iniquité de la règle actuelle et éviter son abrogation coûteuse.

The cap on federal tax deductions for state and local taxes (SALT) that is in effect now under the Tax Cuts and Jobs Act (TCJA) is a flawed provision but repealing it outright would be costly and provide a windfall to the rich. Congress should consider replacing the SALT cap with a different type of limit on deductions that would avoid both of these outcomes. Using the ITEP microsimulation tax model, this report provides revenue estimates and distributional estimates for several such options, assuming they would be in effect in 2019.

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## LEGISLATIVE ANALYST OFFICE

M. Taylor, « [The 2019-20 Budget: California's Fiscal Outlook](#) », Fiscal Outlook, 14 novembre 2018, 32 p.

Un excédent de 15 milliards de dollars est estimé par le Bureau pour 2019-2020 ce qui offre à la législature une occasion unique de se préparer pour les défis à venir.

The budget is in remarkably good shape. Under our estimates of revenues and spending, the state's constitutional reserve would reach \$14.5 billion by the end of 2019-20. In addition, we project the Legislature will have nearly \$15 billion in resources available to allocate in the 2019-20 budget process. The Legislature can use these funds to build more reserves or make new one-time and/or ongoing budget commitments. The

longer-term outlook for the state also is positive. Under our economic growth scenario, the state would have operating surpluses averaging around \$4.5 billion per year (but declining over time). Under our recession scenario, the state would have enough reserves to cover a budget problem—provided the Legislature used all of the available resources in 2019-20 to build more reserves.

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## LEGISLATIVE ANALYST OFFICE

M. Taylor, « [The 2019-20 Budget: Proposition 98 Outlook](#) », LAO Report, 14 novembre 2018, 16 p.

La volatilité de la garantie minimale, la possibilité d'une récession et le manque de financement dans la réserve scolaire de l'État exigent d'être prudent dans l'établissement du budget.

In this report, we examine how the minimum guarantee might change over the next several years and discuss the factors likely to be driving those changes. We then examine key aspects of district budgets—focusing on the main cost pressures facing districts over the next several years. Modest. Each year, the state calculates a “minimum guarantee” for school and community college funding based upon a set of formulas established by Proposition 98 (1988). Under our near-term outlook, the 2019-20 minimum guarantee is up \$2.4 billion (3.1 percent) over our revised estimate of 2018-19 funding. After accounting for this increase and backing out various one-time initiatives funded in the prior year, among other adjustments, we estimate the Legislature would have an additional \$2.8 billion for Proposition 98 programs in 2019-20.

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## TAX POLICY CENTER (TPC)

R. C. Auxier et E. Maag, « [Addressing the Family-Sized Hole Federal Tax Reform Left for States](#) », 15 novembre 2018, 19 p.

Dans neuf États, les impôts ont augmenté pour les familles à revenu faible et moyen. Les familles les plus nombreuses enregistrent les augmentations les plus importantes.

The Tax Cuts and Jobs Act modestly decreased federal individual income taxes for most low- and middle-income families. However, the federal tax changes interacted with state laws in ways that meant some of these same families could see state tax increases. This brief discusses how implementing state child tax credits (CTCs) could help low- and middle-income families avoid these state tax increases, as well as the benefits these tax credits could provide in all states with income taxes.



## INTERNATIONAL

### CENTRE FOR POLICY STUDIES (CPS)

T. Clougherty, « [Make Work Pay: A New Agenda for Fairer Taxes](#) », 6 novembre 2018, 62 p.

L'imposition des travailleurs britanniques serait plus juste si les premiers 12 000£ gagnés n'étaient pas imposés et si les mesures fiscales incitaient davantage au travail.

'Make Work Pay: A New Agenda for Fairer Taxes' puts forward fully costed proposals to reshape the tax system around a simple principle: to make work pay.

It proposes that the Government builds on the successful increase in the personal income tax allowance by raising National Insurance thresholds to create a universal working income, which would see the first £1,000 earned every month (ie £12,000 a year) be completely free of income tax and National Insurance.

This would be a £459 tax cut for anyone earning more than £12,000 a year, and take 2.4 million low-paid workers out of taxes on earnings altogether.

The tax system should also ensure every worker, keeps at least 51p in every extra £1 they earn, which we term the 'work guarantee'. This would be delivered by reform of various pinch points in the tax system – the marriage allowance, the high-income child benefit charge, and the 62p tax rate as the personal allowance is withdrawn for high earners.

The report also proposes cutting the Universal Credit taper rate from 63p to 50p. This would address the injustice that those moving from welfare into work often face much higher marginal tax rates than the wealthiest Britons.

## COMMISSION EUROPÉENNE

A. Pagano, S. Fatica et W. Heynderickx, « [Banks, debt and risk: Assessing the spillovers of corporate taxes](#) », 12 novembre 2018, 40 p.

En permettant la déduction des charges d'intérêt, les États mettent en place un système favorisant l'endettement et la prise de risques financiers non nécessaires.

Using bank balance sheet data, we find evidence that leverage and asset risk of European multinational banks in the crisis and post-crisis period is affected by corporate taxes in their host country as well as by the tax rates in all the jurisdictions where the banking group operates. Then, we evaluate the effects that establishing tax neutrality between debt and equity finance has on systemic risk.

We show that the degree of coordination in implementing the hypothetical tax reform matters. In particular, a coordinated elimination of the tax advantage of debt would significantly reduce systemic losses in the event of a severe banking crisis. By contrast, uncoordinated tax reforms are not equally beneficial. This is because national tax policies generate spillovers through cross-border bank activities and tax-driven strategic allocation of debt and asset risk across group affiliates.

## FONDS MONÉTAIRE INTERNATIONAL (FMI)

B. Akitoby, A. Baum et al., « [Tax Revenue Mobilization Episodes in Emerging Markets and Low-Income Countries: Lessons from a New Dataset](#) », Working Papers 10/34, 2 novembre 2018, 43 p.

Les augmentations de taux de la fiscalité indirecte et l'élargissement de la base

d'imposition pour la fiscalité directe et indirecte ont été les instruments de politique fiscale les plus fréquemment observés pour augmenter les revenus fiscaux de manière importante.

How do countries mobilize large tax revenue—defined as an average increase in the tax-to-GDP ratio of 0.5 percent per year over three years or more? To answer this question, we build a novel dataset covering 55 episodes of large tax revenue mobilization in low-income countries and emerging markets. We find that: (i) reforms of indirect taxes and exemptions are the most common tax policy measures; (ii) multi-pronged tax administration reforms often go hand in hand with tax policy measures or are stand alone; and (iii) sustainability of the episodes hinges on tax administration reforms in the key compliance areas (risk-based audits, registration, filing, payment, and reporting).

## RESOLUTION FOUNDATION

D. Finch et L. Gardiner, « [Back in Credit? Universal Credit after Budget 2018](#) », 12 novembre 2018, 25 p.

Le *Universal Credit* britannique est bénéfique pour les familles, mais présente une faible incitation pour le travail.

Universal Credit (UC) has garnered many negative headlines over recent months, with the emergence of numerous examples of recipients suffering financial hardship as a result of rigidities and failings in the system. Ahead of parliamentary debate this autumn on the details underpinning the next, difficult, phase of the roll-out – the ‘managed migration’ of legacy benefit recipients – there was widespread expectation that the government would act in order to avoid further adverse outcomes and press. Such action was forthcoming at last month’s Budget. And, while there remains more to do in this regard – not least for those families already moving onto the system under ‘natural migration’ – the decision to further delay the advent of ‘managed migration’, and to introduce ‘run-ons’ of some existing benefits, represents a welcome step.

Less expected, however, was the Budget announcement of a £1,000 increase in work allowances (the amount that can be earned before benefits start being reduced) available to families with children and/or limited capability for work. This measure has an annual cost of £1.7 billion, and alongside smaller spending increases in recent years means that – in total spending terms – the vast majority of cuts made specifically to UC in Summer Budget 2015 have now been reversed.

We provided an initial assessment of this welcome move in our overnight Budget response, but in this note we go further – digging in more detail into where the move leaves UC in terms of its generosity and its impact on work incentives relative to the system it is replacing.

## THE AUSTRALIA INSTITUTE

M. Grudnoff, « [Who really benefits from negative gearing?](#) », 7 novembre 2018, 3 p.

L'effet de massue profite principalement aux ménages à revenus élevés en Australie.

The Australia Institute commissioned modelling from the National Centre for Social and Economic Modelling (NATSEM) in 2015 to assess the distribution of benefits from negative gearing by households of different income levels and age groups.

NATSEM calculated the changes to negative gearing and the CGT discount using NATSEM’s extensive data on households combined with Australian Tax Office (ATO) statistics from 2011-12, updated to 2014-15.

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