



CROSS-NATIONAL
DATA CENTER
in Luxembourg

Tax Credits from a comparative perspective

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Outline

- Classification (Canberra 2011, 2001, SNA)
- Country examples
- Income aggregates, data availability
- *Characteristics of tax credits*

- *Question : transfer or offset on tax payments ??*



Classification

- Canberra 2011
 - *direct taxes , net of refunds*
 - *institutional differences between countries*
- Canberra 2001
 - *direct taxes , net of refunds*
 - *keep refunds separable*
 - *assistance in case refund exceeds liability*
- SNA
 - *direct taxes , net of refunds*



Country examples , survey data

- U.S.
 - *Earned Income Tax Credit : ASEC, March Supplement*
- Slovak Republic
 - *Tax bonus : EU-Silc*
- Australia
 - *Family tax benefit / Schoolkids bonus : SIH*
- Luxembourg
 - *Boni pour enfant (child bonus) : PSELL*



Income aggregates

income type	country		
	A	B	C
employment	500	500	500
property	100	100	100
transfers received	300	400	300
o.w. tax credits	0	100	-
total income	900	1000	900
tax withholdings	200	200	100
tax refunds	100	0	-
direct taxes	100	200	100
disposable income	800	800	800



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Characteristics of tax credits

- ❑ When filing a tax return form / automatic
- ❑ Resident / non-resident
- ❑ Caring for dependent child
- ❑ Means-tested
- ❑ Refundable / lost

BUT these are merely institutional differences.

- if not based on the points mentioned above, are there neutral arguments that tell when refunds are considered tax-offsets versus transfers ?

