

## Effets de composition et impulsions discrétionnaires à l'Impôt des Sociétés (ISOC) en moyenne et longue période (1970-2009)

Réginald SAVAGE  
Conseiller général des Finances

### ABSTRACT

Corporate income tax is certainly among the most difficult to model on the basis of macroeconomic variables. This is particularly true using a long-term retrospective approach (almost 40 years) during which “tax systems” were structurally modified over time. This difficulty results notably from the complex and relatively instable links between the identifiable macroeconomic theoretical tax base and the corresponding fiscal effective tax base. The problem has further intensified by the well-known difficulty in quantifying correctly the anticipated or estimated tax incidences of the discretionary measures which have been taken and actually implemented in this matter. This notably results from tax adaptive behaviours adopted by companies (“fiscal engineering”).

However, in to the present exercise, a small-scale model can be successfully identified and tested. It highlights the increased sensitivity of the implicit non-discretionary tax rate with regard to the companies’ profitability cycles, while the elasticity to the measured tax base is lower than 1. As in earlier work, the analysis also tends to identify, in the late 1980s and early 1990s, a time lag and a period of inertia between the official and planned shift to a more restrictive tax system and its concrete translation into the effective “cyclically adjusted” tax rates. Considering this time lag, it appears that the restrictive change of the tax policy after the strongly expansive (downward) period 1981-1988, is identifiable in a conclusive way only during the period 1993-1998 and not before, that is during the period of fiscal consolidation ensuring Belgium’s participation to the euro launch. After a period of relative stabilisation (1998-2006), we also remark a strong discretionary decrease of the corporate income tax revenue and of its implicit rate during the last three years (2006-2009) and especially in 2009. This probably results from, among others, the deferred consequences of the recent introduction (in 2006) of the allowance for corporate equity.

**Keywords:** tax policy, structure effects, discretionary impulses, corporate income tax

**JEL Classification Code:** H22, H27, H32