Imposition des revenus du travail, du capital et de la consommation: évolutions récentes

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ABSTRACT

This paper uses the implicit tax rates (ITR) to asses the taxation of labour, capital and consumption and to discuss the effect of recent tax policy changes.

The methodology we use is roughly similar to the one used by the European Commission in its annual publication "Taxation trends in the European Union". The main differences relate to the treatment of wages subsidies and to the list of ITR we compute. Wages subsidies are deducted from the tax wedge on labour, what is not the case in the EU methodology. We compute separate ITR for income from self-employment and social transfer but we do not compute an ITR on energy.

When focusing on the last decade (2000-2009), the main trends that appear are a slight but continuing decrease in the taxation of labour and a strong decrease in the taxation of capital. The decrease in the taxation of labour started with the 2002 PIT reform, of which the effects spread up to 2006. Reductions in social security contributions, particularly those targeted on low wage earners have also been amplified, what contributes to the decrease in the taxation of labour. The introduction and amplification of wages subsides are the third component of policy changes, that all together brought the ITR on labour below 40% at the end of the period.

The 2003 CIT reform and the introduction of the allowance for corporate equity (notional interest deduction) in 2006 are the main tax policy initiative that affected the ITR on capital. While the first one has been budgetary neutral, the introduction of the ACE had mixed effects. It seems that the "base broadening" component of the reform, that attempted to make the reform budgetary neutral, only had level effects while the decrease in effective taxation resulting from the ACE has been growing over time. The combined effect is a decrease in the ITR on corporations. Gross profitability has been increasing while the size of the corporate sector has remained roughly constant. This might be explained by an increase in the location of equity in financial companies that do not engage in any other economic activity on the Belgian territory.

Keywords: tax policy, effective taxation, implicit tax rate

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