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**Tax and Benefit Policies
in the Enlarged Europe:
Assessing the Impact with
Microsimulation Models**

European Centre Vienna

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This book is based on selected papers from the final conference of a European Commission financed project on “Improving the Capacity and Usability of EUROMOD (I-CUE)”, and is one of the first systematic collections of studies based on the European tax-benefit microsimulation model, and thus a synthesis of the scientific work of a large international group of researchers for over a decade. It is the first to focus on the New Member States.

The first chapter by Sir Anthony Atkinson sets a context for EUROMOD in EU policy-making and provides an insightful assessment of the policy processes. Prof. Holly Sutherland’s contribution describes the past, present and future of EUROMOD. The book provides novel analysis on the impact of tax and benefit systems on individuals’ incomes and work incentives. Not only actual policies are assessed, but hypothetical scenarios of interest to policy-makers as well, for example the introduction of flat taxes. The special feature of many chapters is that they are based on a comparative tax-benefit microsimulation model, EUROMOD, thus allowing a systematic and consistent comparison of countries. In addition to the 15 “old” Member States of the European Union, the model has been recently enlarged to Estonia, Hungary, Poland and Slovenia, thus allowing a wider range of comparisons. Another part of the chapters presents analysis based on national tax-benefit models in Cyprus and Lithuania, providing a selection of exemplary and innovative studies, and demonstrating the power of the microsimulation method for policy analysis. The concluding chapter by Herwig Immervoll and Orsolya Lelkes explores future priorities for tax-benefit modelling.

The central premise of the book is that more evidence is needed for an optimal policy decision, and it provides a powerful presentation on how complex information on the interaction of specific tax and cash benefit policy instruments can be presented in a concise and comprehensible way.

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Contents

Acknowledgements	5
List of Abbreviations	6
List of Figures, Tables and Boxes	11
Chapter 1	
Introduction	17
<i>Orsolya Lelkes / Holly Sutherland</i>	
References	24
Annex A: EUROMOD: version and data sources.....	25
Annex B: Tax-benefit systems and input datasets in EUROMOD (version D25) ..	26
Annex C: Categorization of income components.....	27
Part I: Setting the Scene	31
Chapter 2	
An Enlarged Role for Tax-benefit Models	33
<i>Sir Anthony B. Atkinson</i>	
1 Enlargement of the European Union and EUROMOD	33
2 A brief (personal) history of tax-benefit models.....	35
3 Enlarging the role of tax-benefit modelling in the European Union	38
4 Enlarging the role of tax-benefit modelling globally	43
5 Summary of main points	44
References	46
Chapter 3	
Euromod: Past, Present and Future	47
<i>Holly Sutherland</i>	
1 What is EUROMOD? A brief history	47
2 Challenges from the first phase	49
2.1 Barriers for users.....	50
2.2 Relevance for academic research.....	50
2.3 Relevance for policy analysis	51

3	Current and recent activities	52
3.1	User-friendliness	54
3.2	Spin-off models	56
3.3	Extending the scope of EUROMOD.....	57
3.4	Policy-relevant monitoring and analysis.....	57
4	Plans for the immediate future	57
4.1	Access	58
4.2	Extensions	58
4.3	The EUROMOD community.....	59
5	Future possibilities and new challenges.....	59
5.1	EUROMOD beyond the EU.....	59
5.2	Linkages to other types of model	60
	References	61
	Annex: How to find out more about EUROMOD.....	62

Part II: Comparative Analyses Using the Enlarged EUROMOD..... 63

8

Chapter 4

The Effects of Taxes and Benefits on

Income Distribution in the Enlarged EU65

Alari Paulus / Mitja Čok / Francesco Figari / Péter Hegedűs / Silja Kralik / Nataša Kump / Orsolya Lelkes / Horacio Levy / Christine Lietz / Daniela Mantovani / Leszek Morawski / Holly Sutherland / Péter Szivós / Andres Vörk

1	Introduction	65
2	Methodology and data.....	68
3	Analysis	73
3.1	Income composition	73
3.2	Income inequality and redistribution	77
3.3	Poverty	80
4	Summary	82
	References	84
	Annex A: Statistics on income distribution.....	85

Chapter 5

Flat Tax Reform in Eastern Europe: A Comparative Analysis
of Alternative Scenarios in Estonia, Hungary and Slovenia,

Using EUROMOD91

Alari Paulus / Orsolya Lelkes / Mitja Čok / Nataša Kump / Péter Hegedűs / Andres Vörk / Péter Szivós / Silja Kralik

1	Introduction	91
2	Methodology and data.....	94

3	Description of existing and alternative policy scenarios.....	95
4	Effects of alternative scenarios on income distribution.....	101
5	Fiscal cost and change of the total tax burden.....	105
6	Conclusions.....	111
	References	113
	Annex	114

Chapter 6

Alternative Tax-benefit Strategies to Support Children in Poland125

Horacio Levy / Leszek Morawski / Michał Myck

1	Introduction	125
2	Child poverty and social protection: Poland in the European context	128
3	Policy description.....	131
	3.1 Poland.....	131
	3.2 Austria.....	134
	3.3 France.....	135
	3.4 United Kingdom	137
4	Methods	139
	4.1 Model and data	139
	4.2 Simulation.....	139
	4.3 Measurement.....	140
5	The effects of alternative child policies in Poland	142
	5.1 Coverage and expenditure	142
	5.2 Poverty	146
	5.3 Targeting efficiency	147
6	Conclusions.....	148
	References	151

9

Part III: Evidence Based on Emerging National Models ..153

Chapter 7

Reforming Child Allowances in Lithuania:

What Does Microsimulation Tell Us?155

Lina Salanauskaite / Gerlinde Verbist

	Introduction	155
1	Combating child poverty: a European and a Lithuanian concern	156
2	The Lithuanian family policy reform of 2004	159
	2.1 Main strands of the reform: direct effects	160
	2.2 Indirect effects	162
3	Methodology	162
	3.1 EU-SILC capacity to simulate non-contributory family policy measures	163

3.2	Simulation framework	163
3.3	Measuring distributional impacts	164
4	Distributional impacts of family and child benefits reform	165
4.1	Benefit simulation results	165
4.2	Disposable household income before and after the reform	167
4.3	Poverty and inequality before and after the reform	172
5	Conclusions.....	177
	Annex 1: Rules of family benefits and EU-SILC capacity to simulate them	179
	Annex 2: Decomposition of poverty and inequality measures by household groups	182
	References	185

Chapter 8

Tax-free Income vs. In-work Tax Allowances:

Effects on Labour Market Participation in Cyprus187

Panos Pashardes / Alexandros Polycarpou

1	Introduction.....	187
2	Empirical model and estimation	189
3	Simulation results.....	196
4	Conclusions	199
	References	201

10

Chapter 9

Looking Ahead: What Priorities for Tax-benefit Modelling?203

Herwig Immervoll / Orsolya Lelkes

1	Tax-benefit models are powerful and informative – but often underutilized.....	203
2	Making the most of costly infrastructure: casting the scope of models	206
3	... and extending the scope of model uses	208
4	Sharing methods and research tools: Securing access for experts in different areas.....	209
	References	212

List of Contributors213

List of Figures, Tables and Boxes

Figures

Chapter 1: Introduction

Figure 1.1: GDP per capita in Purchasing Power Standards (PPS), 2007 (EU-27 = 100).....	18
--	----

Chapter 2: An Enlarged Role for Tax-benefit Models

11

Figure 2.1: Median household gross income as % mean gross household income 1967-2006.....	42
--	----

Chapter 3: Euromod: Past, Present and Future

Figure 3.1: The EUROMOD logo.....	49
Figure 3.2: EUROMOD operating system.....	55
Figure 3.3: Run EUROMOD tool.....	56

Chapter 4: The Effects of Taxes and Benefits on Income Distribution in the Enlarged EU

Figure 4.1: Income composition, all households.....	74
Figure 4.2: Income composition, bottom decile by household equivalized disposable income.....	75
Figure 4.3: Income composition, top decile by household equivalized disposable income.....	76
Figure 4.4: Income inequality before and after taxes and benefits as measured by the Gini coefficient.....	78

Figure 4.5: Redistributive effect of tax-benefit instruments, absolute change in the Gini coefficient.....	80
Figure 4.6: Income poverty rates before and after benefits.....	81

Chapter 5: Flat Tax Reform in Eastern Europe

Figure 5.1: Income inequality under different policy scenarios in Estonia, Hungary and Slovenia	102
Figure 5.2: Poverty rates under different policy scenarios in Estonia, Hungary and Slovenia, in percentages.....	103
Figure 5.3: Poverty rates in different age groups	104
Figure 5.4: Total fiscal cost of alternative scenarios in Estonia, Hungary and Slovenia	106
Figure 5.5: Effective marginal tax rates (for working age population) – median value.....	107
Figure 5.6: Change of tax burden per income decile in Estonia, Hungary and Slovenia (comparing alternative flat tax scenarios to the baseline).....	109

12

***Chapter 6: Alternative Tax-benefit Strategies to Support
Children in Poland***

Figure 6.1: Spending on families and child at-risk-of-poverty rates in the EU.....	129
Figure 6.2: Child at-risk-of-poverty rates – effects of family and non-family transfers in 2005	130
Figure 6.3: Poland, 2005/07 policies for two family types	133
Figure 6.4: Austria, 2005 policies for two family types	135
Figure 6.5: France, 2005 policies for two family types	137
Figure 6.6: United Kingdom, 2005 policies for two family types	138
Figure 6.7: Target efficiency of social transfers	141
Figure 6.8: Coverage and expenditure decomposition.....	144
Figure 6.9: Coverage and expenditure per decile.....	145
Figure 6.10: Coverage and expenditure per household type	146
Figure 6.11: Child poverty risk (FGT indices).....	147
Figure 6.12: Child poverty risk per household type (FGT with $\alpha=0$).....	147

Chapter 7: Reforming Child Allowances in Lithuania

Figure 7.1: The simulation framework.....	164
Figure 7.2: Average yearly equivalized household income by household types, Lt	169
Figure 7.3: Average yearly equivalized household income change due to direct and indirect effects (by household types), Lt.....	171
Figure 7.4: Poverty changes: implications for total population	172
Figure 7.5: Inequality changes: implications for total population	173
Figure 7.6: Poverty changes (%): implications for selected household groups.....	174
Figure 7.7: Inequality changes (%): implications for selected household groups.....	176

Tables

Chapter 2: An Enlarged Role for Tax-benefit Models

Table 2.1:	EU structural indicators	39
------------	--------------------------------	----

Chapter 4: The Effects of Taxes and Benefits on Income Distribution in the Enlarged EU

Table A1:	Income composition (% of disposable income), all households	85
Table A2:	Income composition (% of disposable income), bottom decile	86
Table A3:	Income composition (% of disposable income), top decile ..	87
Table A4:	Income inequality before and after taxes and benefits as measured by the Gini coefficient	88
14 Table A5:	Redistributive effect of tax-benefit instruments, Gini coefficient	89
Table A6:	Income poverty rates before and after benefits.....	90

Chapter 5: Flat Tax Reform in Eastern Europe

Table 5.1:	Features of EUROMOD datasets: Estonia, Hungary, and Slovenia	95
Table 5.2:	Flat tax scenarios	98
Table 5.3:	Estonia: Main changes in the tax system compared to the baseline.....	99
Table 5.4:	Hungary: Main changes in the tax system compared to the baseline.....	100
Table 5.5:	Slovenia: Main changes in the tax system compared to the baseline.....	100
Table A1:	Personal income tax parameters for 2005 in Estonia, Hungary and Slovenia, as simulated in EUROMOD.....	114
Table A2:	Estonia: poverty rates under the alternative scenarios using alternative thresholds (40, 50, 60, 70% of the baseline median), 2005.....	116
Table A3:	Estonia: poverty rates under the alternative scenarios by age and gender groups, 2005.....	116

Table A4:	Estonia: percentage of winners and losers in comparison to baseline scenario	117
Table A5:	Hungary: poverty rates under the alternative scenarios using alternative thresholds (40, 50, 60, 70% of the baseline median), 2005.....	117
Table A6	Hungary: poverty rates (60% of the baseline median) by age and gender groups, 2005.....	118
Table A7:	Hungary: percentage of winners and losers in comparison to baseline scenario	118
Table A8:	Slovenia: poverty rates under the alternative scenarios using alternative thresholds (40, 50, 60, 70% of the baseline median), 2005.....	119
Table A9:	Slovenia: poverty rates under the alternative scenarios by age and gender groups, 2005.....	119
Table A10:	Slovenia: percentage of winners and losers in comparison to baseline scenario	120
Table A11:	Estonia: Income inequality under various policy scenarios.....	120
Table A12:	Hungary: Income inequality under various policy scenarios.....	121
Table A13:	Slovenia: Income inequality under various policy scenarios.....	121
Table A14:	Constant poverty lines, in EUR PPP (monthly)	122
Table A15:	Estonia: Fiscal cost and change of total tax burden 2005....	122
Table A16:	Hungary: Fiscal cost and change of total tax burden 2005.	123
Table A17:	Slovenia: Fiscal cost and change of total tax burden 2005..	124

***Chapter 6: Alternative Tax-benefit Strategies to Support
Children in Poland***

Table 6.1:	Coverage and expenditure.....	142
Table 6.2:	Factors applied at monetary amounts of the Austrian, French and UK systems to make them GDP per capita or Budget neutral with respect to PL-2007	143
Table 6.3:	Target efficiency	148

Chapter 7: Reforming Child Allowances in Lithuania

Table 7.1:	State spending on non-contributory family policy measures.....	161
Table 7.2:	Family benefits weights adjusted: simulation versus administrative data.....	166

Chapter 8: Tax-Free Income vs. In-Work Tax Allowances

Table 8.1:	Labour market participation equation	192
Table 8.2:	Labour income prediction equation	195
Table 8.3:	Participation changes under the tax-allowances and tax-free income scenarios	197
Table 8.4:	Participation differences between the tax-free and tax-allowances scenarios by age and number of children	199

16

Chapter 9: Looking Ahead: What Priorities for Tax-benefit Modelling?

Table 9.1:	Overview of tax-benefit microsimulation models	205
------------	--	-----

Boxes

Box 3.1:	Key results of the I-CUE project.....	53
Box 4.1:	A summary of the 2005 tax-benefit system in Estonia, Hungary, Poland and Slovenia	68
Box 4.2:	Main income concepts in EUROMOD	72