

Taxing Times

The revenue side of fiscal consolidation

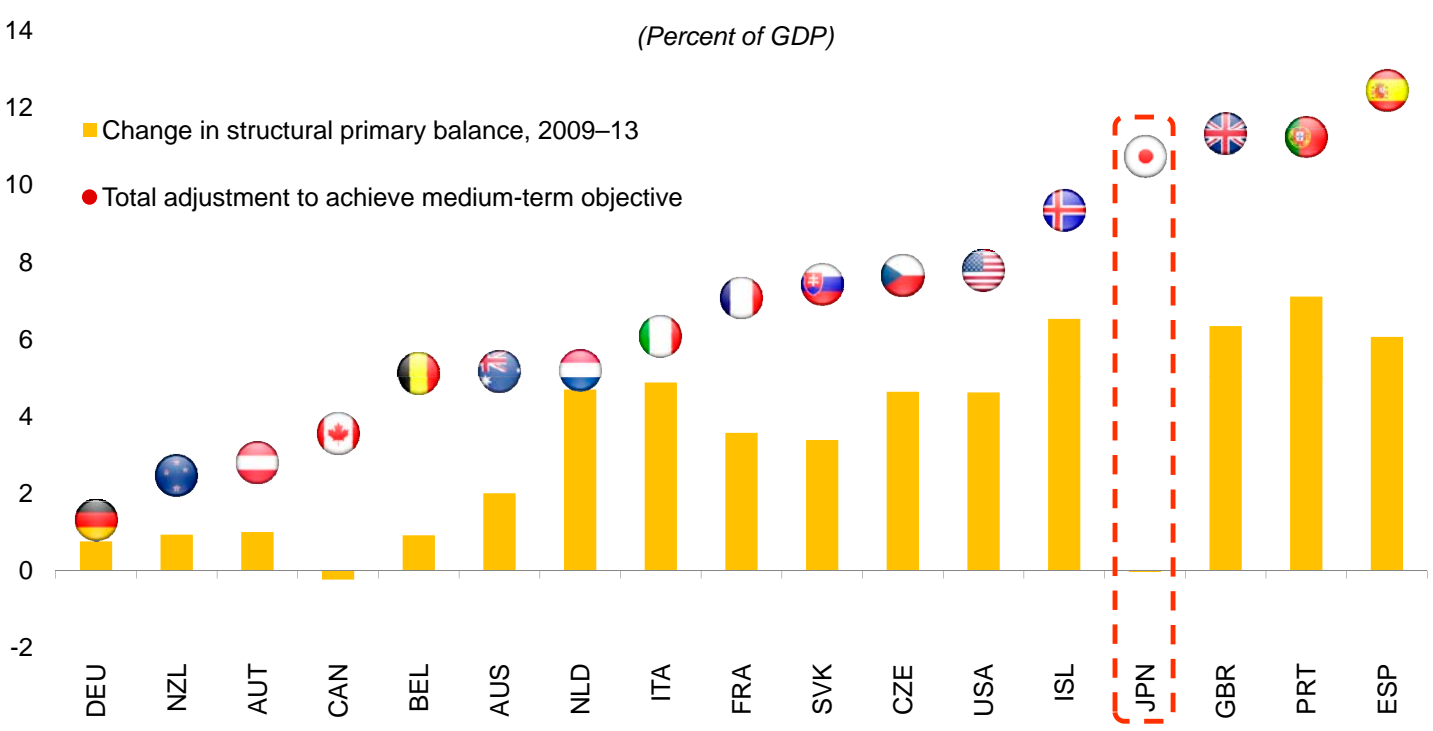


Martine Guerguil
Deputy Director
Fiscal Affairs Department

World Economic and Financial Surveys



Advanced Economies: Fiscal adjustment and medium-term objectives



Five main questions

How much has adjustment relied on taxes so far?

Is there scope to tax more?

Is there scope to tax more fairly?

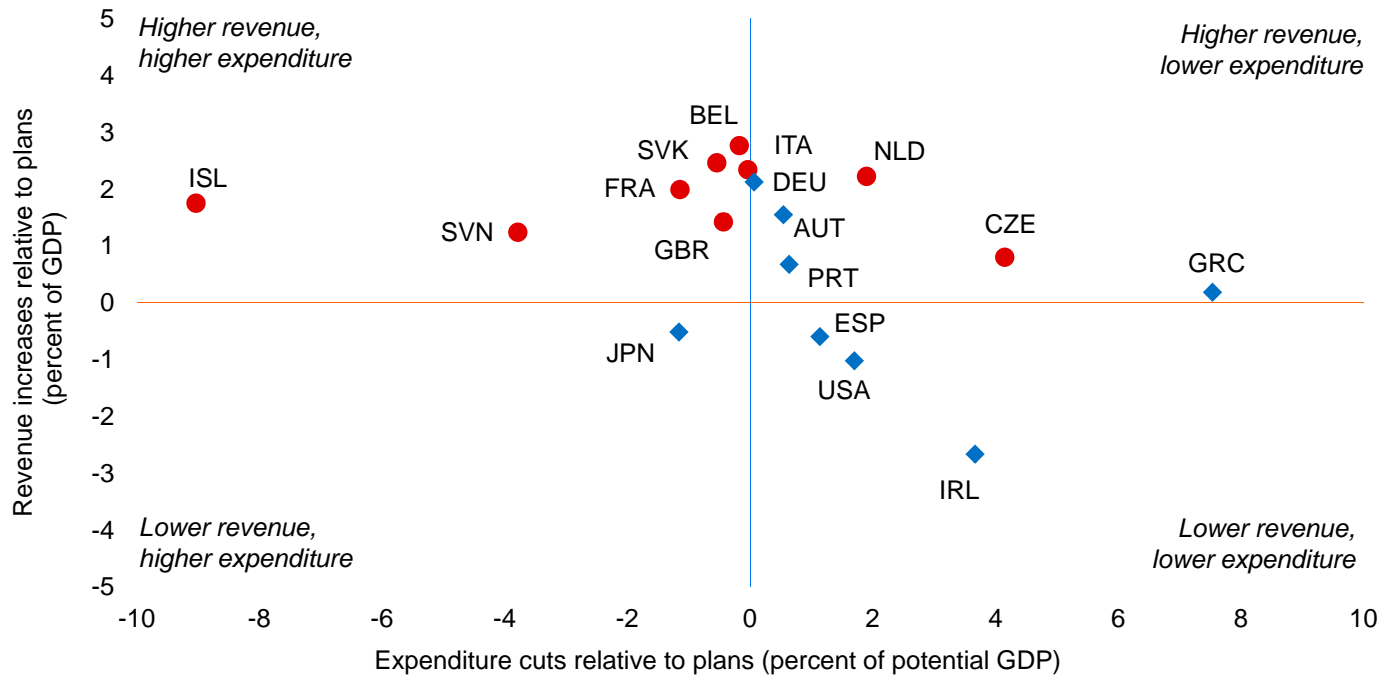
Is the international tax system in need of repair?

What are the ingredients of successful tax reform?

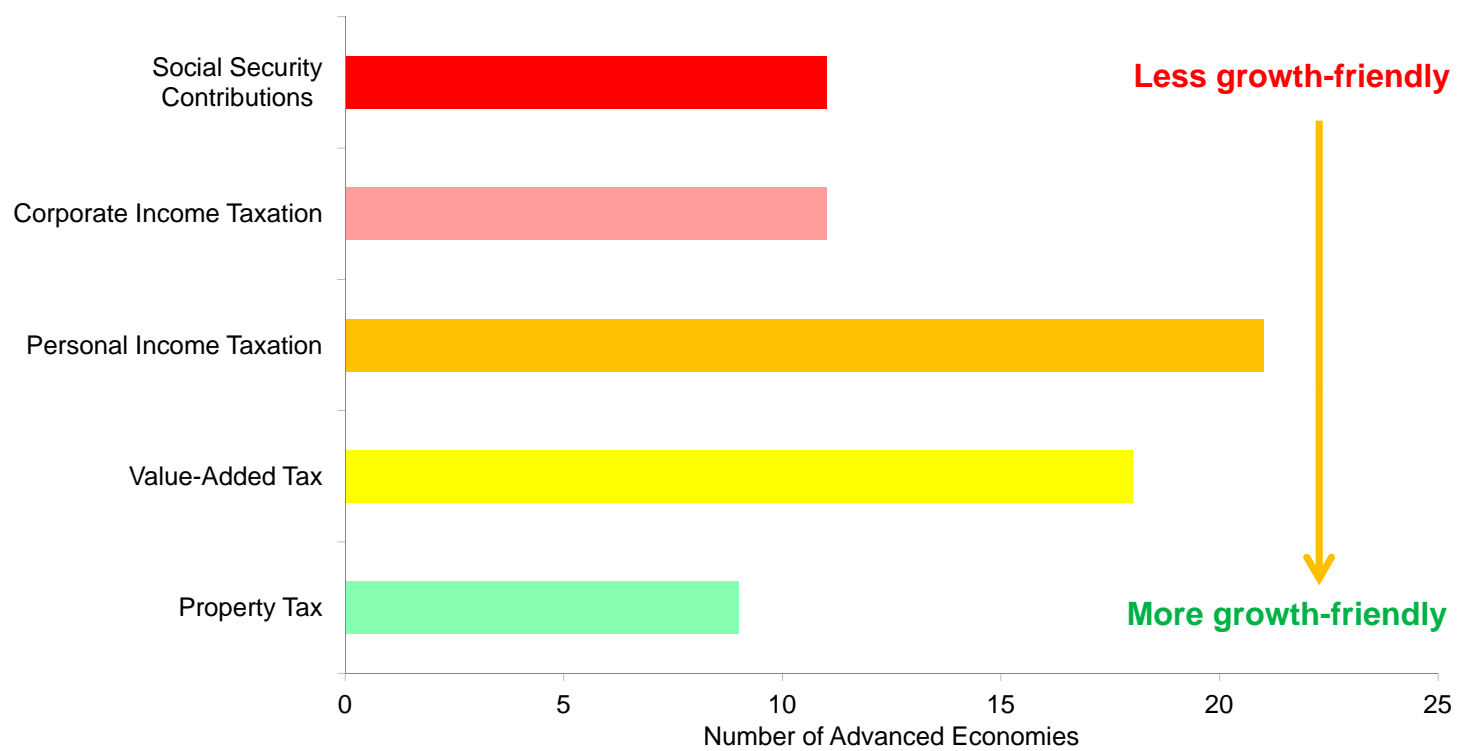
How much has adjustment
relied on taxes so far?

Advanced economies: planned vs actual adjustment

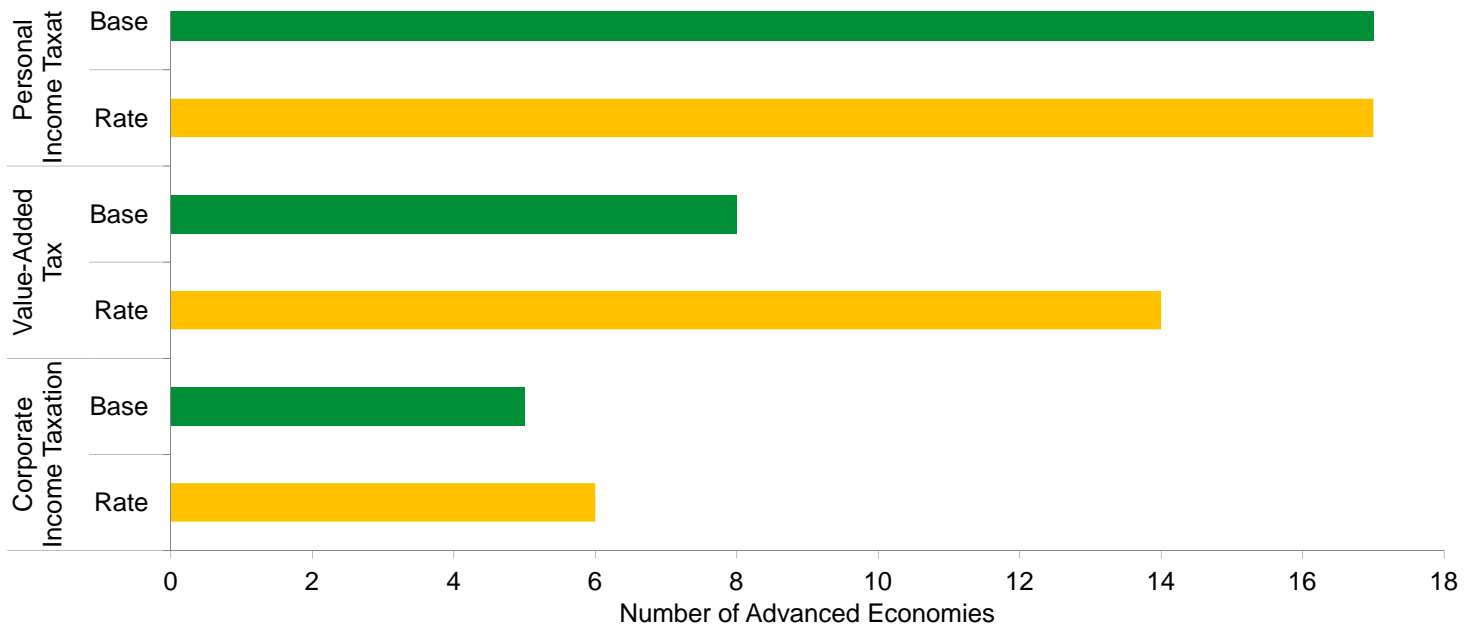
Change in Planned Measures, 2009–13



Have tax increases focused on more growth-friendly taxes?



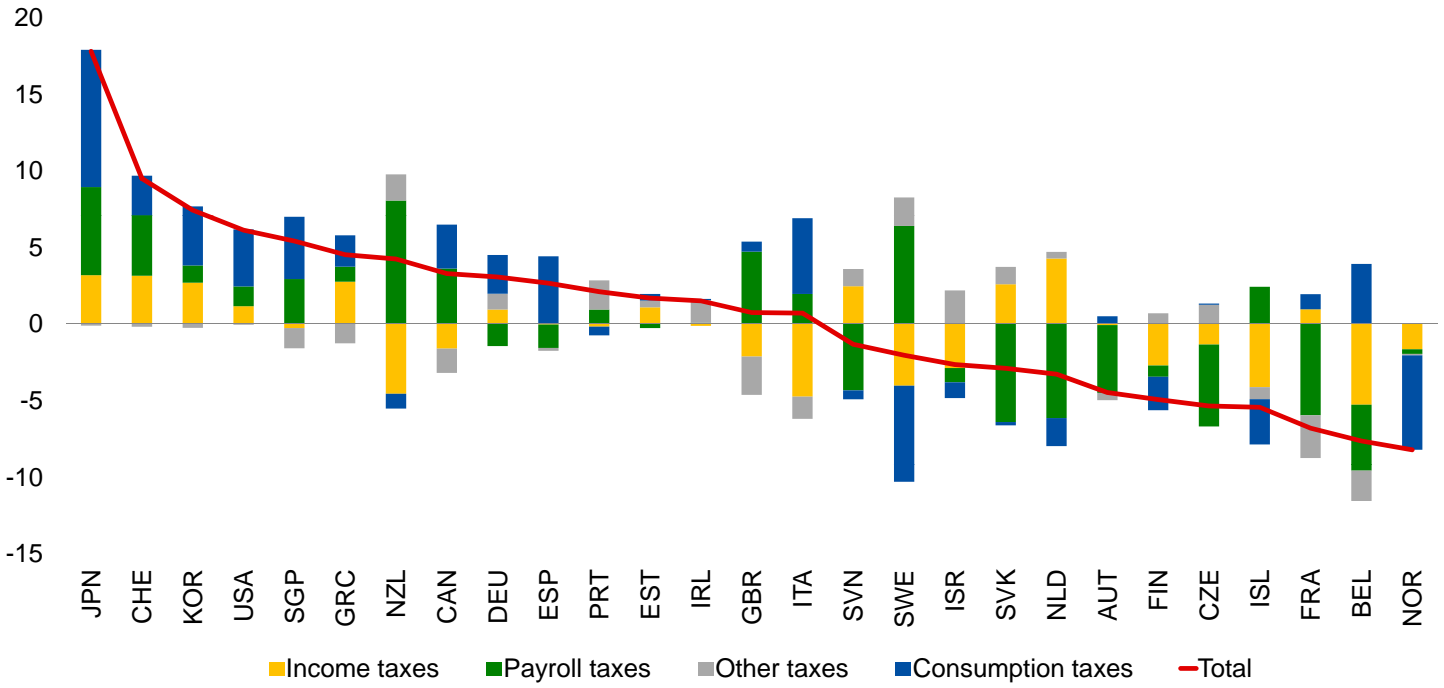
Little effort to reduce distortions



Is there scope to tax more?

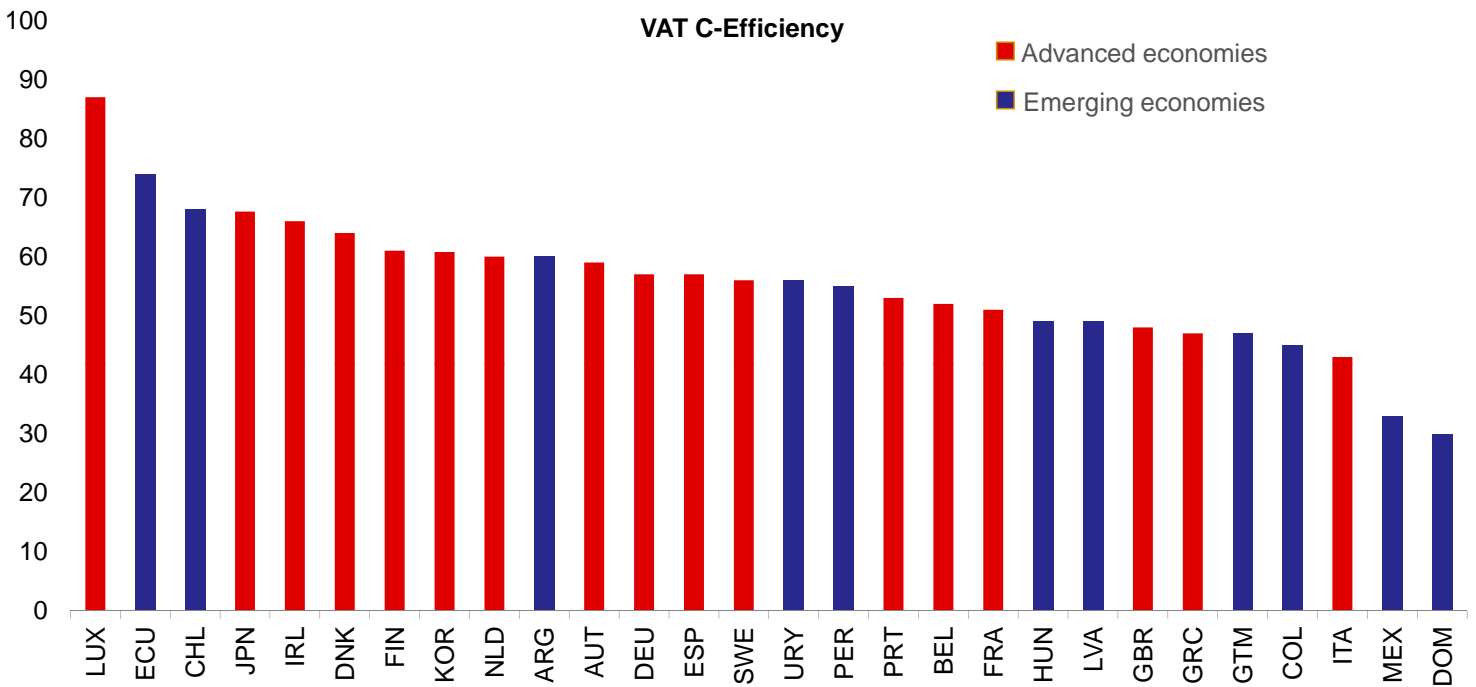
Measuring the tax gap compared to peers

Advanced Economies: Peer Comparison of Revenues (Percent of GDP)

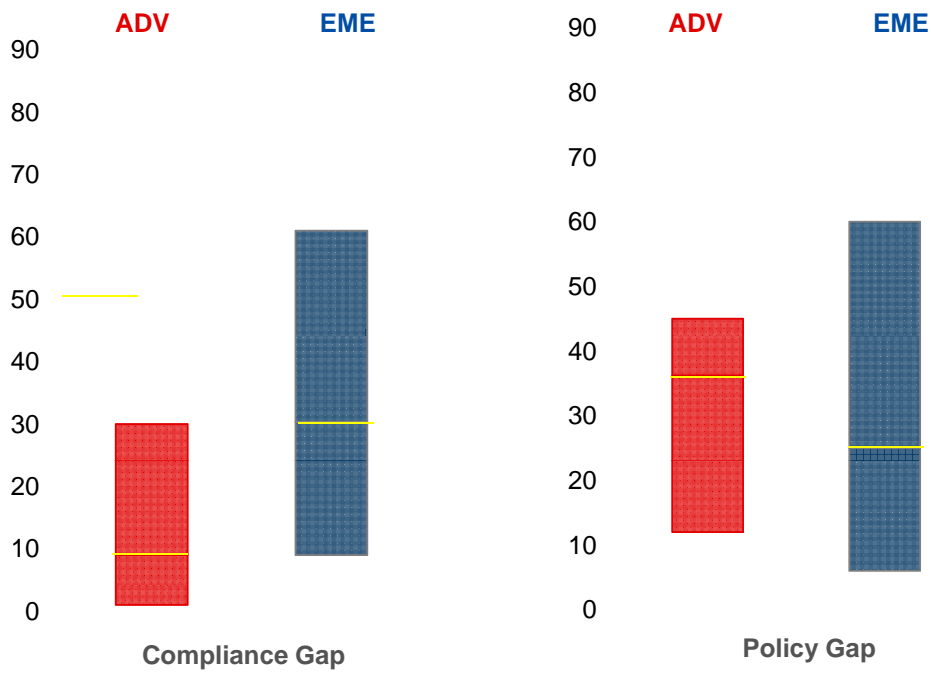


Measuring tax efficiency

VAT C-Efficiency

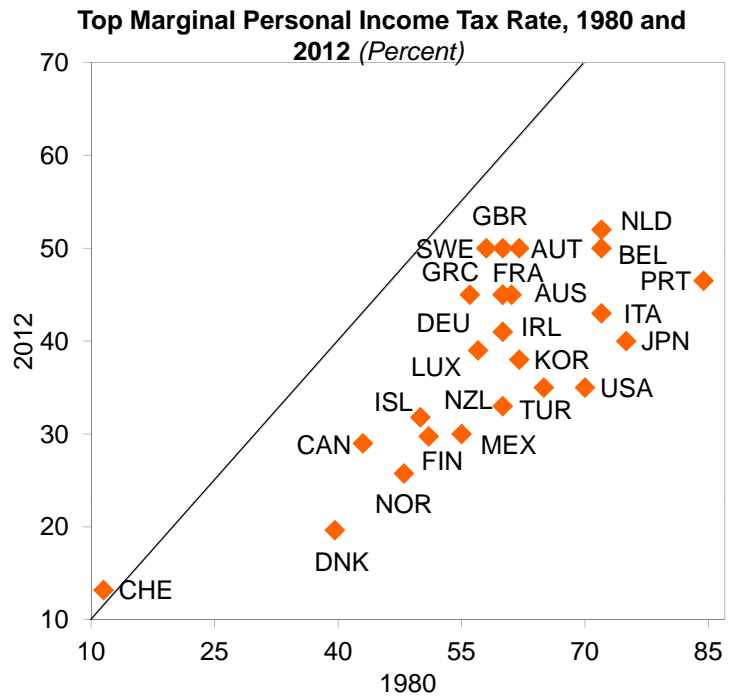
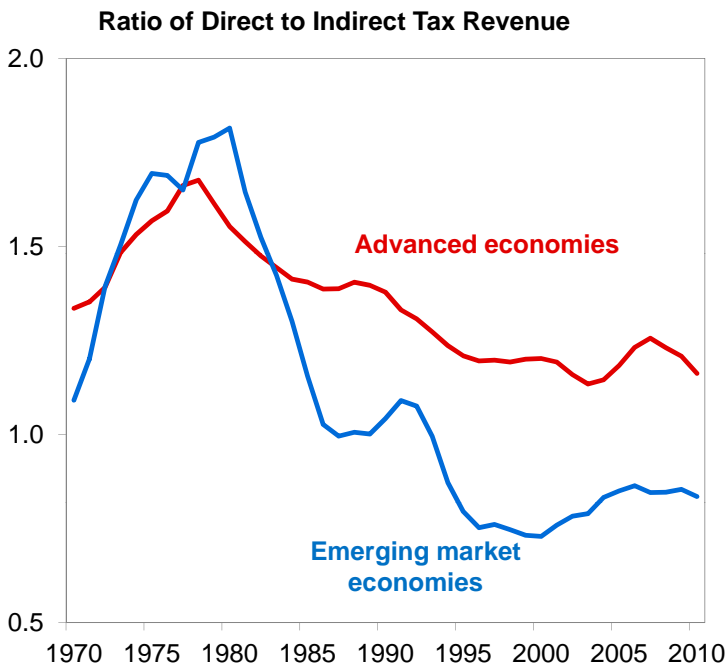


There is scope to tax better

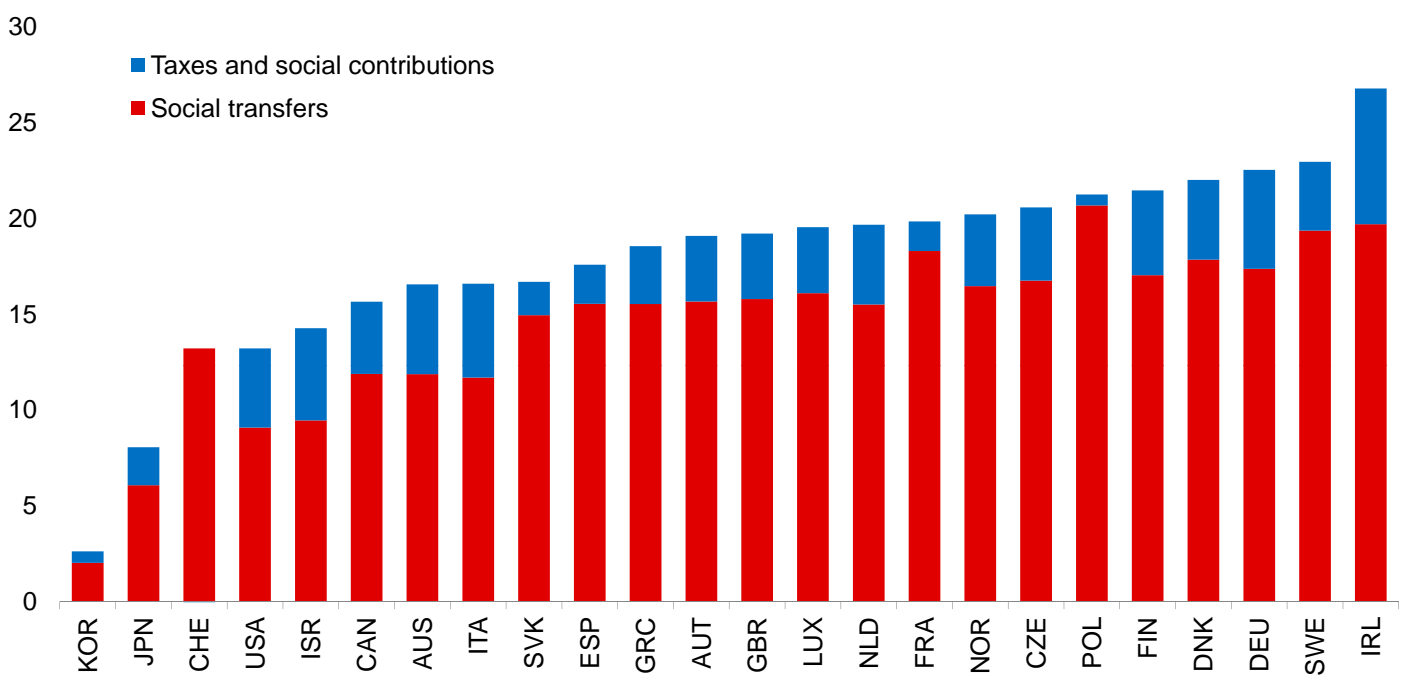


Is there scope to tax more fairly?

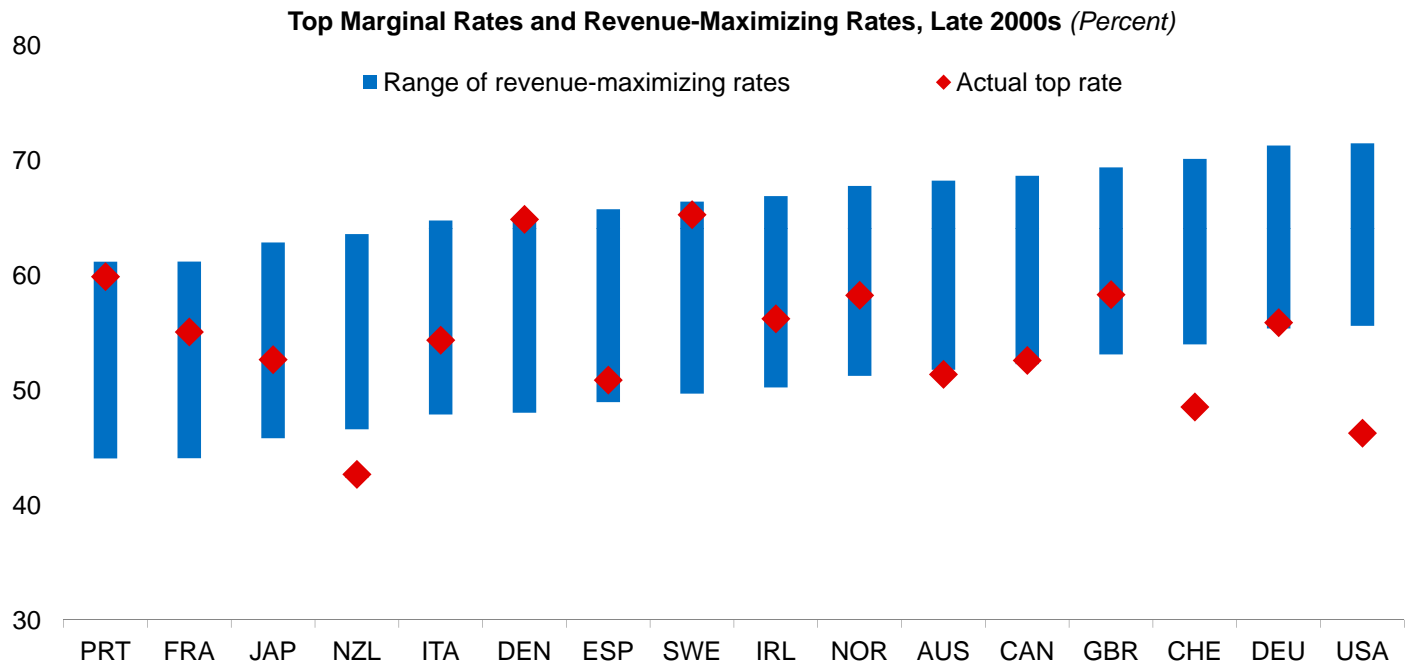
Tax systems have become less progressive



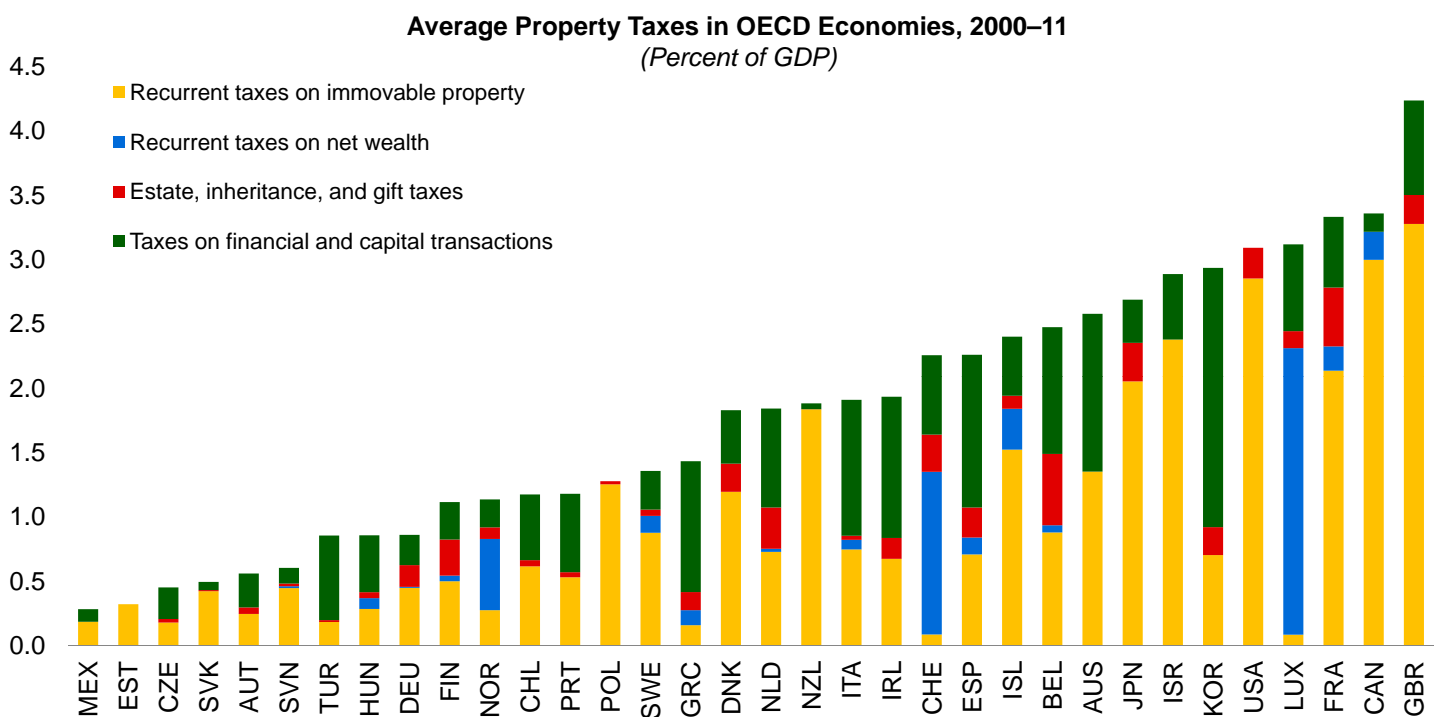
Redistribution through direct taxes and social transfers



Increase top marginal rates?



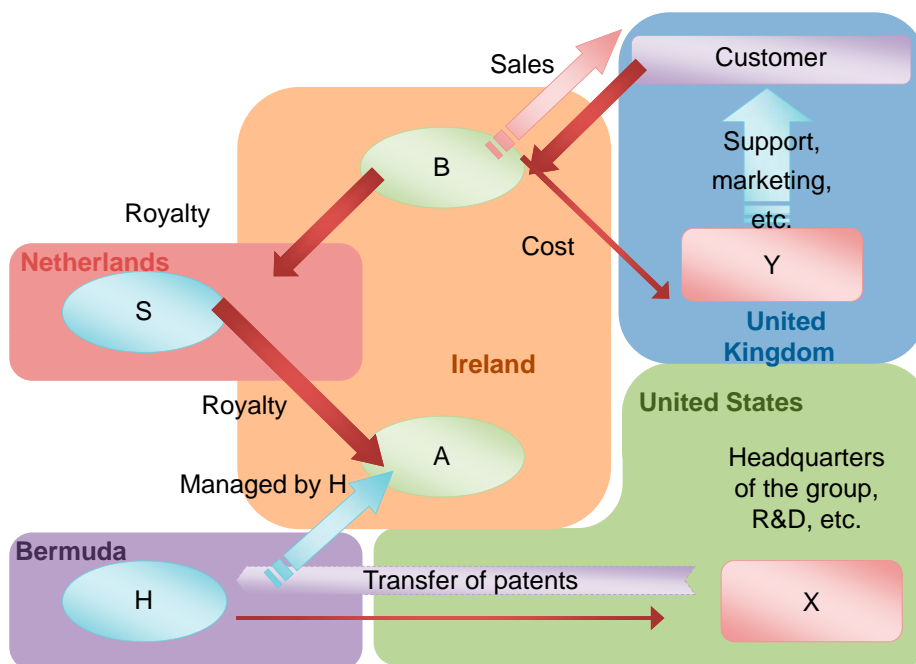
Property taxes underused



Is the international tax system in need of repair?

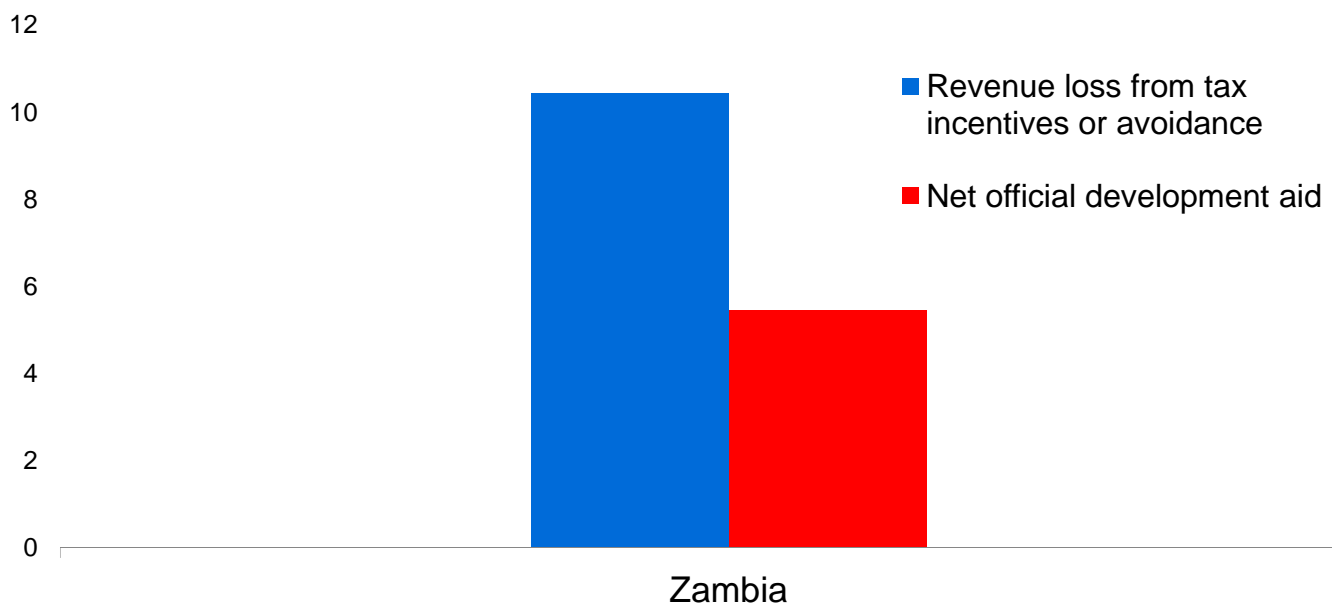
International tax avoidance ...

Tricks of the Trade



.... And spillovers

Aid and Estimated Revenue Foregone from Tax Incentives and Tax Avoidance



What are the ingredients of successful tax reform?

Key ingredients of successful tax reforms

Active communication strategy

Negotiation for consensus building

Enhanced efficiency in spending (in parallel)

Build up/strengthen institutions for more transparency and accountability

World Economic and Financial Surveys

Fiscal Monitor

Taxing Times

OCT 13

INTERNATIONAL MONETARY FUND

Thank you!

<http://209.133.61.129/external/pubs/ft/fm/2013/02/fmindex.htm>