



Discussion of Corporate Taxation and Capital Accumulation by J. Xing (with S. Bond)

Serena Fatica

European Commission

The paper

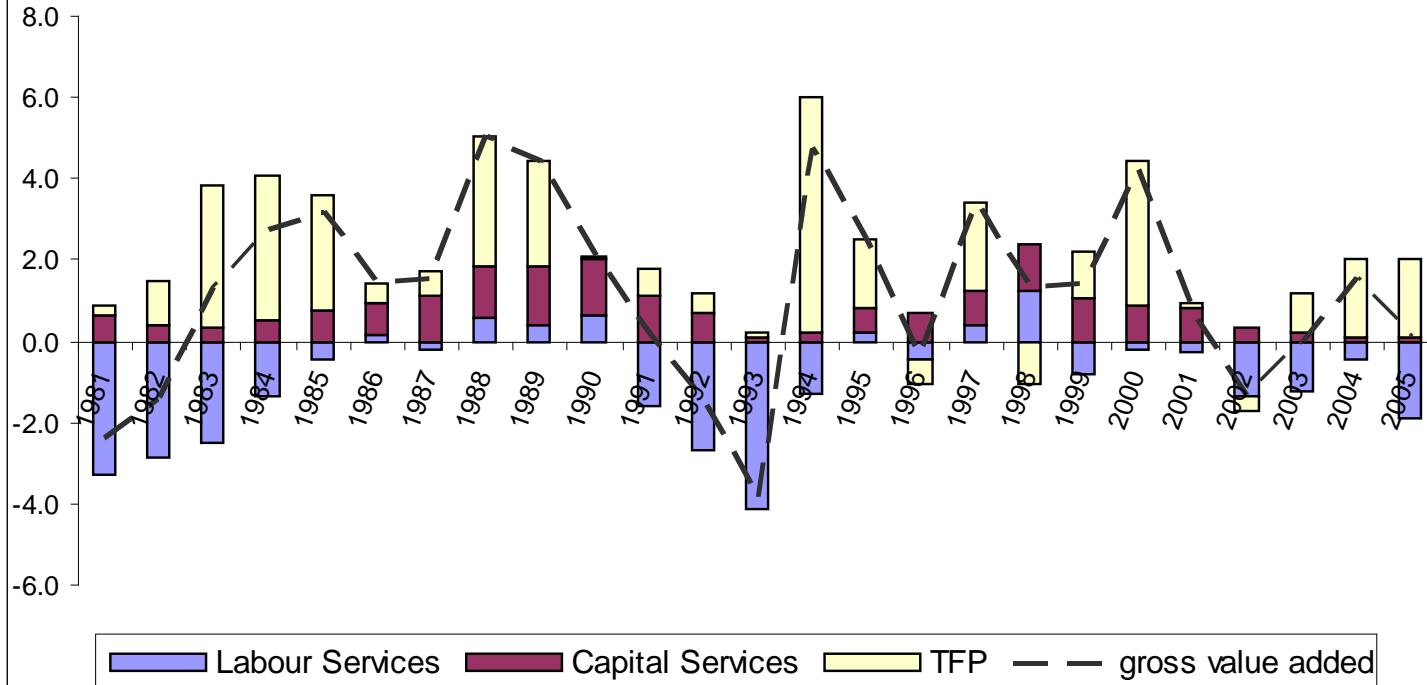
Q: is capital accumulation responsive to corporate taxation?

Empirical test on a panel of OECD countries using industry level data on the capital stock and different types of assets (EUKLEMS) → long-run elasticity wrt to the tax-adjusted user cost of capital

Comments (1)

- *Paper very carefully executed*
- *Serious robustness analysis*
- *Interesting research question, extremely relevant (and timely) for policy makers*

Value added growth (y-o-y %) in EU 15 manufacturing - contributions



2012 Annual Growth Survey (AGS)

A communication from the Commission - with annexes (November 2011)

Annex #4. Growth friendly tax policies in Member States and better tax coordination in the EU.

“In order to improve the contribution of the revenue side to fiscal consolidation, more attention is needed in the design and structure of the tax systems to make them more effective, efficient and fairer, while also taking into account that Member States may need to increase taxes.”

Table 3.1: **Tax changes in 2010 and 2011**

		Statutory rates	Base or special regimes
Personal Income Tax	Increase	EL, ES, FR, IE, LV, LU, PT, UK	AT, CZ, DK, EE, ES, FR, IE, LV, PT, RO, SK, UK
	Decrease	DE, DK, FI, HU, NL	AT, BG, DE, FI, IT, LT, SE
Corporate Income Tax	Increase	EL, PT	LU, RO
	Decrease	CZ, EL, HU, LT, NL, UK	AT, BE, DE, ES, LT, NL
Social Security Contributions	Increase	IE, LV	BG, CZ, IE, LT, PT, RO, SK
	Decrease	BG, HU	
Value Added Tax	Increase	CZ, EL, ES, FI, HU, LV, PL, PT, RO, SK, UK	BG, CY, EL, ES, FR, PT, LV
	Decrease	IE	BE, DE, HU, LT, NL, PL
Excise Duties	Increase	AT, BG, CY, CZ, DE, DK, EE, EL, ES, FI, FR, IE, HU, LV, MT, NL, PL, RO, SL, SK, UK	DK, IE, IT, LV
	Decrease	AT, BG, SK	BE, NL
Taxation of Property	Increase	CZ, DE, EL, FR, LV, PT	LV
	Decrease		

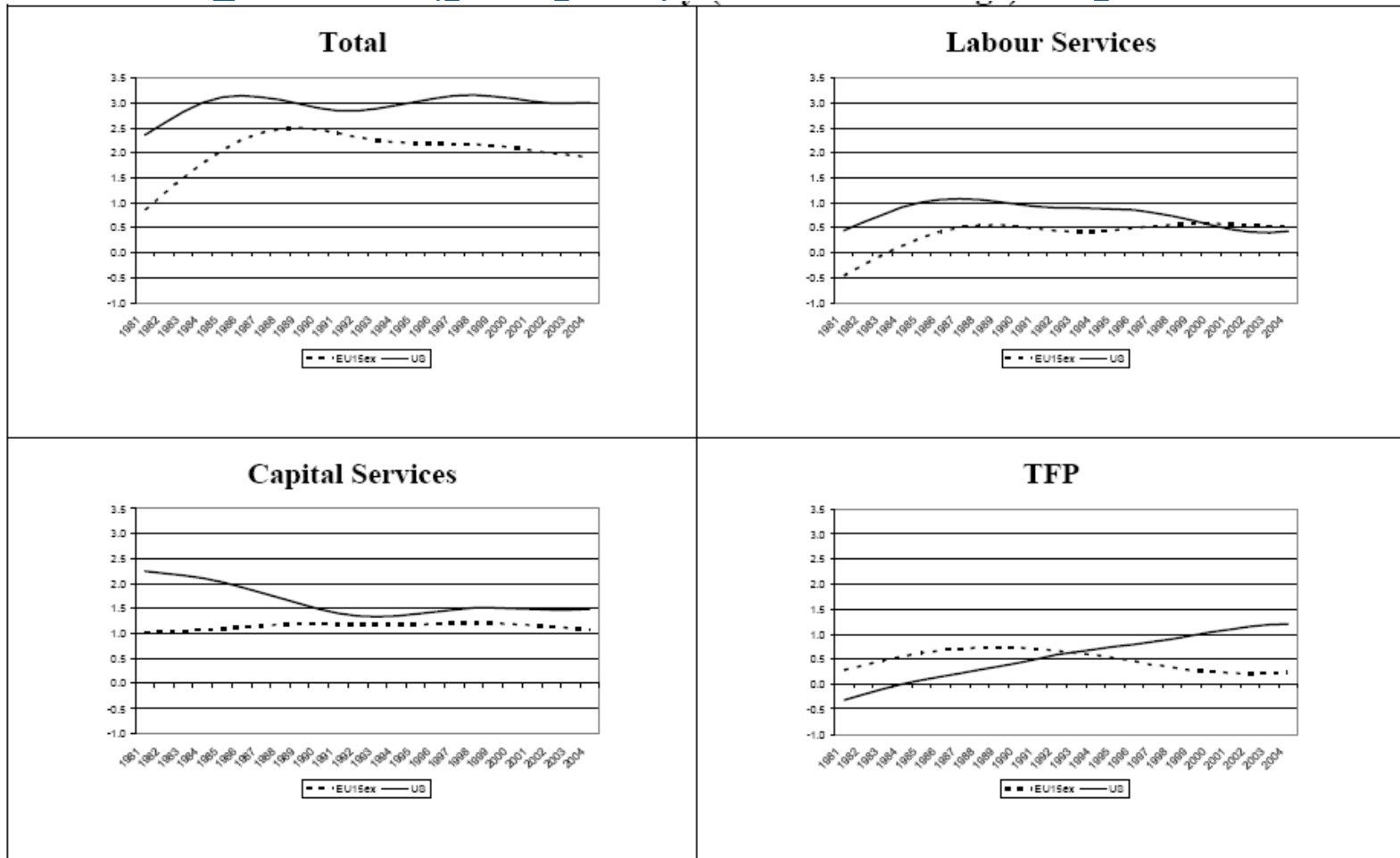
Note: The table encompasses tax changes implemented in 2010 and 2011 including temporary but significant changes. Minor changes are not included. Introduction of new taxes is listed as an increase in statutory rate. Cut-off date is 30 June 2011.

Source: Commission services.

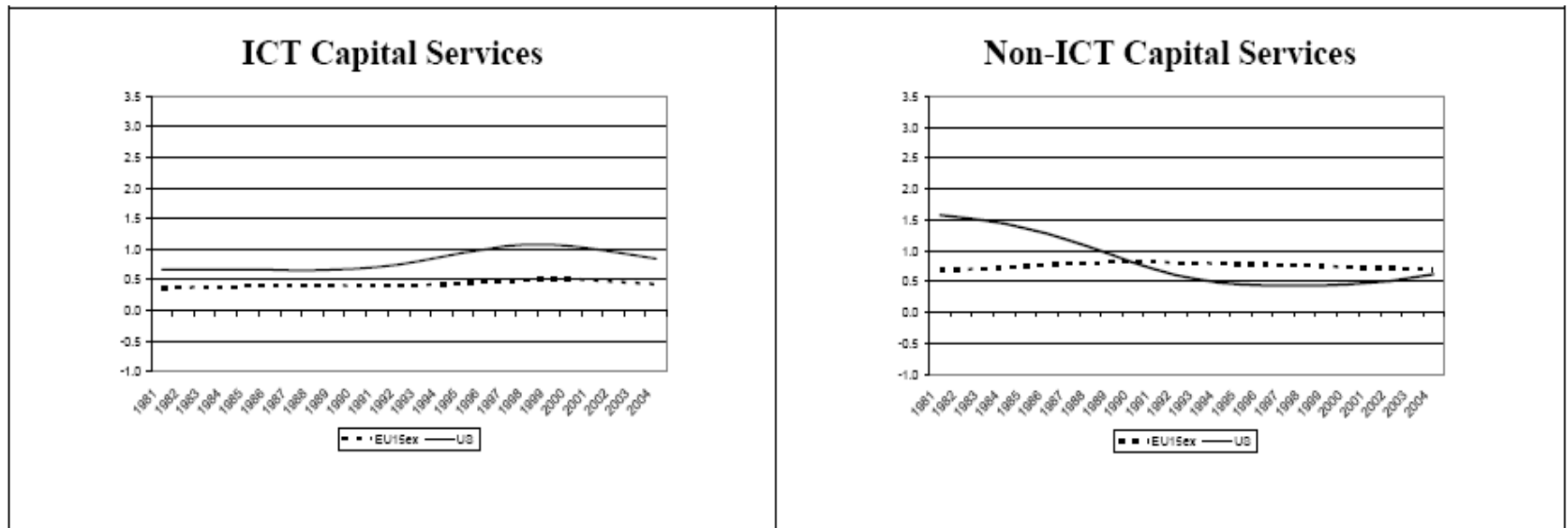


European
Commission

Trend growth (y-o-y %) - total economy



Trend growth (y-o-y %) - total economy



Comments (2)

1. *Heterogeneity:*

- Several dimensions: industries, countries, asset types

2. *Is the fiscal burden on (the different types of) capital assets adequately reflected in the tax measures (CoC, EATRs)?*

3. *Beyond manufacturing: financial sector!?*

4. *Endogeneity issues*

