
Practical Exercises – detailed explanation

1. Overview

In this practical exercise we are going to amend some of the parameters in the tax policies and then assess the effects of the changes on anticipated government tax revenues as well as poverty and inequality measures. There are two separate parts to this practical exercise:

- In the 'Labour income tax' policy, with a focus on the year 2020, increase the tax rate for tax band 5 ('Tax schedule, rate 5') from 25% to 27%; increase the tax rate for tax band 6 ('Tax schedule, rate 6') from 30% to 33%; and increase the tax rate for tax band 7 ('Tax schedule, rate 7') from 35% to 40%. How much extra tax revenue does this generate in 2020? What are the poverty and inequality measures under this reform scenario for 2020, and how do they compare with the equivalent figures from the standard 2020 system?
- In the 'Value Added Tax' policy, again with a focus on the year 2020, reduce the two VAT rates from 5% to 4%, and from 10% to 8%. For this task, we wish to examine the combined effects of the previous reform (to labour income tax) and this current reform to VAT. How much indirect tax revenue would be lost under these combined reform conditions in 2020 compared to the standard 2020 system? What are the poverty and inequality measures under this combined reform scenario for 2020, and how do they compare with the equivalent figures from the standard 2020?

2. Initial preparation steps

We start by making a copy of the entire folder containing **VNMOD v3.3** and calling it **VNMOD v3.3_taxreform**. We will use **VNMOD v3.3_taxreform** as the base model for this particular training exercise. Note that this 'training model' contains all system years from 2013-2022 inclusive (Figure 1).

For the purpose of this practical exercise, we will focus only on the 2020 system. To make it easier to navigate around the user interface, we can therefore move other systems into the 'Hidden Systems Box'. Performing this preparatory step means we will have space on the screen to focus on the existing 2020 system and the new reform scenarios we are going to implement. To move the earlier systems into the 'Hidden Systems Box', first right-click on the 2020 system header to bring up the menu list, then hover over the option to 'Move To Hidden Systems Box', and then choose 'All systems but selected'. This will just leave just the 2020 system visible. (Note that the hidden systems are still within the model, they are simply hidden from view.) Figure 2 shows the user interface once the earlier systems have been hidden. We can also now increase the width of the 2020 system so we can more easily see the contents.

Figure 1. The full 'training model'

Policy	GrpNo	VN_2013	VN_2014	VN_2015	VN_2016	VN_2017	VN_2018	VN_2019	VN_2020	VN_2021	VN_2022	Comment
1. SetDefault_vn		n/a	n/a	n/a	n/a	n/a	n/a	n/a	on	n/a	n/a	DEF: Default values for switched-off policies
2. uprate_vn		on	on	on	on	on	on	on	on	on	on	DEF: UPDATING FACTORS
3. neg_vn		on	on	on	on	on	on	on	on	on	on	DEF: Recode negative incomes to zero
4. lma_vn		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	DEF: COVID-19 transitions and shocks
5. iddef_std_vn		on	on	on	on	on	on	on	on	on	on	DEF: STANDARD INCOME LIST
6. iddef_non_std_vn		on	on	on	on	on	on	on	on	on	on	DEF: MODEL SPECIFIC INCOME LIST
7. iddef_stats_vn		on	on	on	on	on	on	on	on	on	on	DEF: STATS PRESENTER INCOME LIST
8. iddef_exp_vn		on	on	on	on	on	on	on	on	on	on	DEF: EXPENDITURE INCOME LISTS (COICOP)
9. tudef_vn		on	on	on	on	on	on	on	on	on	on	DEF: ASSESSMENT UNITS
10. constdef_vn		on	on	on	on	on	on	on	on	on	on	DEF: Constants
11. spl_vn		on	on	on	on	on	on	on	on	on	on	INC: Poverty lines
12. spl01_vn		on	on	on	on	on	on	on	on	on	on	INC: Poverty designations
13. ses_vn		on	on	on	on	on	on	on	on	on	on	INC: Equivalence scales
14. tscer_vn		on	on	on	on	on	on	on	on	on	on	TAX: Employer social contributions
15. tscee_vn		on	on	on	on	on	on	on	on	on	on	TAX: Employee social contributions
16. tinkt_vn		on	on	on	on	on	on	on	on	on	on	TAX: Capital income tax
17. tima_vn		on	on	on	on	on	on	on	on	on	on	TAX: Labour income tax
18. bed01_vn		n/a	n/a	n/a	on	on	on	on	on	on	on	BER: Support of school expenses for the purchase of text books, notebooks and other school supplies to disabled pupil, orphan pupil, and pupil of poor HH
19. bot01_vn		n/a	n/a	n/a	on	on	on	on	on	on	on	BER: Electricity subsidy
20. poa01_vn		on	on	on	on	on	on	on	on	on	on	BER: Pension benefit for poor older people living without family support (i.e. living without anyone of working age)
21. bsacv01_vn		n/a	n/a	n/a	n/a	n/a	n/a	n/a	off	n/a	n/a	BER: COVID response: Person-level financial relief package for poor and nearly poor households
22. bsacv02_vn		n/a	n/a	n/a	n/a	n/a	n/a	n/a	off	n/a	n/a	BER: COVID response policy for households with businesses and low business incomes
23. tva_vn		on	on	on	on	on	on	on	on	on	on	TAX: Value Added Tax
24. tex_vn		on	on	on	on	on	on	on	on	on	on	TAX: Excise Duties
25. vhhadi_vn		on	on	on	on	on	on	on	on	on	on	INC: Adjust consumption to new

Figure 2. The model interface after hidden other systems

Policy	GrpNo	VN_2013	VN_2014	VN_2015	VN_2016	VN_2017	VN_2018	VN_2019	VN_2020	VN_2021	VN_2022	Comment
1. SetDefault_vn		on	on	on	on	on	on	on	on	on	on	DEF: Default values for switched-off policies
2. uprate_vn		on	on	on	on	on	on	on	on	on	on	DEF: UPDATING FACTORS
3. neg_vn		on	on	on	on	on	on	on	on	on	on	DEF: Recode negative incomes to zero
4. lma_vn		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	DEF: COVID-19 transitions and shocks
5. iddef_std_vn		on	on	on	on	on	on	on	on	on	on	DEF: STANDARD INCOME LIST
6. iddef_non_std_vn		on	on	on	on	on	on	on	on	on	on	DEF: MODEL SPECIFIC INCOME LIST
7. iddef_stats_vn		on	on	on	on	on	on	on	on	on	on	DEF: STATS PRESENTER INCOME LIST
8. iddef_exp_vn		on	on	on	on	on	on	on	on	on	on	DEF: EXPENDITURE INCOME LISTS (COICOP)
9. tudef_vn		on	on	on	on	on	on	on	on	on	on	DEF: ASSESSMENT UNITS
10. constdef_vn		on	on	on	on	on	on	on	on	on	on	DEF: Constants
11. spl_vn		on	on	on	on	on	on	on	on	on	on	INC: Poverty lines
12. spl01_vn		on	on	on	on	on	on	on	on	on	on	INC: Poverty designations
13. ses_vn		on	on	on	on	on	on	on	on	on	on	INC: Equivalence scales
14. tscer_vn		on	on	on	on	on	on	on	on	on	on	TAX: Employer social contributions
15. tscee_vn		on	on	on	on	on	on	on	on	on	on	TAX: Employee social contributions
16. tinkt_vn		on	on	on	on	on	on	on	on	on	on	TAX: Capital income tax
17. tima_vn		on	on	on	on	on	on	on	on	on	on	TAX: Labour income tax
18. bed01_vn		on	on	on	on	on	on	on	on	on	on	BER: Support of school expenses for the purchase of text books, notebooks and other school supplies to disabled pupil, orphan pupil, and pupil of poor HH
19. bot01_vn		on	on	on	on	on	on	on	on	on	on	BER: Electricity subsidy
20. poa01_vn		on	on	on	on	on	on	on	on	on	on	BER: Pension benefit for poor older people living without family support (i.e. living without anyone of working age)
21. bsacv01_vn		off	off	off	off	off	off	off	off	off	off	BER: COVID response: Person-level financial relief package for poor and nearly poor households
22. bsacv02_vn		off	off	off	off	off	off	off	off	off	off	BER: COVID response policy for households with businesses and low business incomes
23. tva_vn		on	on	on	on	on	on	on	on	on	on	TAX: Value Added Tax
24. tex_vn		on	on	on	on	on	on	on	on	on	on	TAX: Excise Duties
25. vhhadi_vn		on	on	on	on	on	on	on	on	on	on	INC: Adjust consumption to new

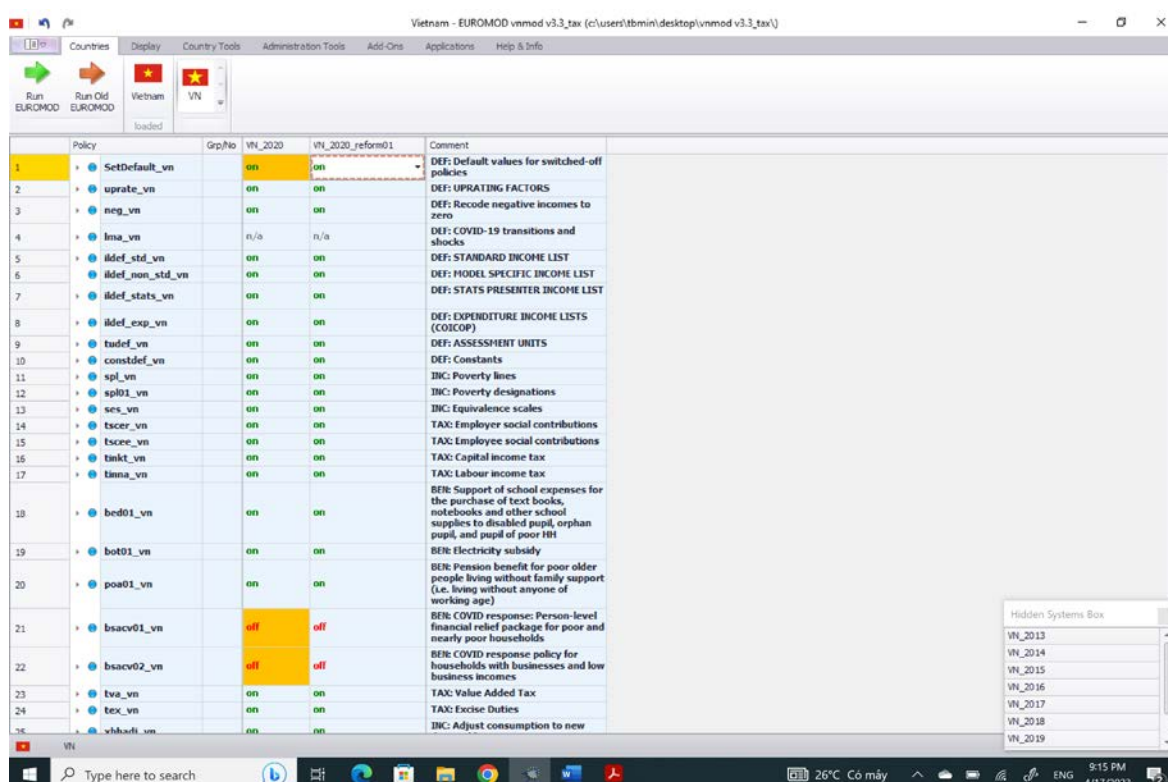
Task 1: In the 'Labour income tax' policy, increase the rates of selected tax bands for the 2020 year.

Our first task requires us to increase the tax rates for certain tax bands in the 'labour income tax' policy. We will add a new reform scenario to the model to implement this change.

We begin by adding a new system to the model. As our reform scenario will focus on the effects of changing the tax rate in 2020, we will base our new reform scenario on the existing 2020 system (**VN_2020**).

To add a new 2020 reform scenario, we will copy the existing 2020 system and give the new reform scenario a suitable name. We right-click on the header for the existing 2020 system and we select 'Copy/Paste System' and name this new system **VN_2020_reform01**. Figure 3 shows the user interface having added our new reform scenario.

Figure 3. User interface showing original 2020 system and new 2020 reform system



We are now navigate to the labour income tax policy (**tinna_vn**) on the spine, and review the way that this policy is modelled (i.e. which functions and parameters are used).

It becomes evident, when reviewing the contents of this policy, that the tax schedule is implemented using a **SchedCalc** function (item 17.11 on the spine), but that the numeric values referenced in the **SchedCalc** are denoted through the use of constants. The **DefConst** function containing the income tax income thresholds and rates is located at position 17.1 on the spine.

For this exercise, we need to increase the tax rate for tax band 5 ('Tax schedule, rate 5') from 25% to 27%; increase the tax rate for tax band 6 ('Tax schedule, rate 6') from 30% to 33%; and increase the tax rate for tax band 7 ('Tax schedule, rate 7') from 35% to 40%. We then need to assess how much extra tax revenue this would generate in the 2020 calendar year. We also need to assess the effect on poverty and inequality for the 2020 year.

Figure 4 shows the configuration of the **DefConst** function once the edits have been made under the **VN_2020_reform01** system.

Figure 4. Reform applied to tax rates in labour income tax policy

Policy	Grp/Ho	VN_2020	VN_2020_reform01	Comment
17.1	DefConst	on	on	Constants: Tax schedule
17.1.1	\$tinnat01	5000€m	5000€m	Tax schedule, upper limit 1
17.1.2	\$tinnat02	10000€m	10000€m	Tax schedule, upper limit 2
17.1.3	\$tinnat03	18000€m	18000€m	Tax schedule, upper limit 3
17.1.4	\$tinnat04	32000€m	32000€m	Tax schedule, upper limit 4
17.1.5	\$tinnat05	52000€m	52000€m	Tax schedule, upper limit 5
17.1.6	\$tinnat06	80000€m	80000€m	Tax schedule, upper limit 6
17.1.7	\$tinnatr01	0.05	0.05	Tax schedule, rate 1
17.1.8	\$tinnatr02	0.10	0.10	Tax schedule, rate 2
17.1.9	\$tinnatr03	0.15	0.15	Tax schedule, rate 3
17.1.10	\$tinnatr04	0.20	0.20	Tax schedule, rate 4
17.1.11	\$tinnatr05	0.25	0.27	Tax schedule, rate 5
17.1.12	\$tinnatr06	0.30	0.33	Tax schedule, rate 6
17.1.13	\$tinnatr07	0.35	0.40	Tax schedule, rate 7
17.2	DefConst	on	on	Constants: Tax deduction
17.2.1	\$tnta01	11000€m	11000€m	Base tax deduction
17.2.2	\$tnta02	4400€m	4400€m	Additional tax deduction per dependent
17.3	DefConst	on	on	Constants: Initiate tax base
17.4	BenCalc	on	on	Define tax base for labour income tax
17.5	BenCalc	on	on	Base tax deduction
17.6	BenCalc	on	on	Additional tax deduction for dependents
17.7	BenCalc	on	on	Set dependent deduction to zero if the household member with the highest earnings is not a formal sector worker
17.8	ArithOp	on	on	Total tax deduction
17.9	ArithOp	on	on	Compute taxable income
17.9.1	Formula	$i_tntb - tnta_s$	$i_tntb - tnta_s$	Tax base minus total tax deduction
17.9.2	LowLim	0	0	May not be negative
17.9.3	Output_Var	tntb_s	tntb_s	
17.9.4	TAX_UNIT	tu_individual...	tu_individual_vn	
17.10	Elig	on	on	
17.10.1	Elig_Cond	$is_eams > 0$ & $ifo = 1$	$is_eams > 0$ & $ifo = 1$	All people earning income
17.10.2	TAX_UNIT	tu_individual...	tu_individual_vn	
17.11	SchedCalc	on	on	Tax schedule for personal income tax
17.11.1	Who_Must...	one	one	

Once we have implemented this change we can again run the model, in the same way as we did before in some previous tasks. Once the system has successfully run, we need to use the Statistics Presenter to generate the output. We wish to computer poverty and inequality measures on an income-basis (standard, not post-fiscal). The output from the Statistics Presenter is shown in Figure 5 (government revenue from taxes and expenditure on benefits), Figure 6 (poverty measures) and Figure 7 (inequality measures).

Figure 5. Statistics Presenter output on government revenue and expenditure

Southmod Statistics - Baseline/Reform			
Results for Viet Nam: vn_2020 vs vn_2020_reform01			
Tax-ben policy	Poverty	Inequality	
Tax-benefit policy			
Yearly, mill. national currency			
	vn_2020 (base)	vn_2020_reform01	Difference to base
► Government revenue through taxes, SSC and indirect taxes	738,194.24	739,199.76	1,005.52
... direct taxes	34,557.06	35,562.58	1,005.52
... indirect taxes	138,289.74	138,289.74	0.00
... social security contributions (employer, employee and self-employed)	565,347.44	565,347.44	0.00
Government expenditure on social transfers	283,080.70	283,080.70	0.00
... child benefits	7,103.74	7,103.74	0.00
... social assistance	18,103.56	18,103.56	0.00
... orphan/widow benefits	0.00	0.00	0.00
... disabled benefits	59,205.32	59,205.32	0.00
... unemployment benefits	1,513.36	1,513.36	0.00
... pension benefits	197,154.71	197,154.71	0.00

Figure 6. Statistics Presenter output on poverty levels

Southmod Statistics - Baseline/Reform			
Results for Viet Nam: vn_2020 vs vn_2020_reform01			
Tax-ben policy	Poverty	Inequality	
Poverty after taxes and transfers			
Income based			
	vn_2020 (base)	vn_2020_reform01	Difference to base
► Share of poor population, in %			
All	5.03	5.03	0.00
Poor households out of ...			
... male headed households	5.68	5.68	0.00
... female headed households	2.89	2.89	0.00
... households with children	5.88	5.88	0.00
... households with older persons	4.33	4.33	0.00
Poverty gap (average normalised poverty gap, FGT(1))			
All	2.05	2.05	0.00
Poor households out of ...			
... male headed households	2.38	2.38	0.00
... female headed households	1.00	1.00	0.00
... households with children	2.42	2.42	0.00
... households with older persons	1.71	1.71	0.00
Absolute national poverty line, in national currency, yearly:	10,734	10,734	0

As can be seen from Figure 6, increasing the tax rates of the specified tax bands in the labour income tax policy would have resulted in no change in the poverty rate during the 2020 calendar year.

Figure 7. Statistics Presenter output on inequality

Southmod Statistics - Baseline/Reform			
Results for Viet Nam: vn_2020 vs vn_2020_reform01			
<div> Tax-ben policy Poverty Inequality </div> <div>ExportInfo</div>			
Inequality and the household income distribution after taxes and transfers, yearly			
Income based			
	vn_2020 (base)	vn_2020_reform01	Difference to base
► Gini (household income)	0.3591	0.3590	-0.0001
P80/P20	3.02	3.02	0.00
Quantiles of distribution and median			
20th	23,056.20	23,056.20	0.00
40th	36,840.00	36,840.00	0.00
50th	42,766.01	42,766.01	0.00
60th	49,870.99	49,870.99	0.00
80th	69,559.98	69,559.98	0.00
Absolute national poverty line, in national currency, yearly	10,734	10,734	0

As can be seen from Figure 7, increasing the tax rates of the specified tax bands in the labour income tax policy would have resulted in a very small reduction (-0.0001) in the Gini coefficient, from 0.3591 in VN_2020 to 0.3590 in VN_2020_reform01

Task 2: In the 'VAT' policy, decrease the tax rates from 5% to 4%, and from 10% to 8%, for the 2020 year.

Our second task requires us to lower the two tax rates in the VAT policy. We will add a new reform scenario to the model to implement this change. We will call our new system **VN_2020_reform02**.

We begin by adding a new system to the model. This time, we wish to examine whether the additional tax revenue generated in Task 1 above (i.e. increasing the labour income tax rates) can be used to facilitate a reduction in VAT rates. Therefore, this time, we will base our new reform scenario on the previous 2020 reform system, **VN_2020_reform01**.

To add a new 2020 reform scenario, we will copy the existing **VN_2020_reform01** system and give the new reform scenario the new name, **VN_2020_reform02**. Figure 20 shows the user interface having added our new reform scenario.

Figure 8. User interface showing original 2020 system, previous 2020 reform system, and new 2020 reform system

Policy	Grp/Itm	VN_2020	VN_2020_reform01	VN_2020_reform02	Comment
9	tudef_vn	on	on	on	DEF: ASSESSMENT UNITS
10	constdef_vn	on	on	on	DEF: Constants
11	spl_vn	on	on	on	INC: Poverty lines
12	spl01_vn	on	on	on	INC: Poverty designations
13	ses_vn	on	on	on	INC: Equivalence scales
14	tsccr_vn	on	on	on	TAX: Employer social contributions
15	tsccr_vn	on	on	on	TAX: Employee social contributions
16	tinkt_vn	on	on	on	TAX: Capital income tax
17	tinna_vn	on	on	on	TAX: Labour income tax
18	bed01_vn	on	on	on	BEN: Support of school expenses for the purchase of text books, notebooks and other school supplies to disabled pupil, orphan pupil, and pupil of poor HH
19	bot01_vn	on	on	on	BEN: Electricity subsidy
20	poa01_vn	on	on	on	BEN: Pension benefit for poor older people living without family support (i.e. living without anyone of working age)
21	bsacv01_vn	off	off	off	BEN: COVID response: Person-level financial relief package for poor and nearly poor households
22	bsacv02_vn	off	off	off	BEN: COVID response policy for households with businesses and low business incomes
23	tva_vn	on	on	on	TAX: Value Added Tax
23.1	Defil	on	on	on	List of items for which VAT rate is 5%
23.2	ArithOp	on	on	on	Calculate total VAT paid on standard rated items by each household at 5%
23.3	Defil	on	on	on	List of items for which VAT rate is 10%
23.4	ArithOp	on	on	on	Calculate VAT rate on standard rated items at 10% (or 8% in 2022, not including excise duty items)
24	tex_vn	on	on	on	TAX: Excise Duties
25	xhhdj_vn	on	on	on	INC: Adjust consumption to new disposable income
26	output_std_vn	on	on	on	DEF: STANDARD OUTPUT INDIVIDUAL LEVEL
27	output_std_hh_vn	off	off	off	DEF: STANDARD OUTPUT HOUSEHOLD LEVEL

We now navigate to the VAT policy on the spine, and review the way that this policy is modelled (i.e. which functions and parameters are used).

We see there are four functions within the VAT policy (**tva_vn**), consisting of an **Defil** (i.e. define income list) and **ArithOp** (i.e. arithmetic operator) for each of the two VAT rates, 5% and 10%.

We see that the **Defil** function for the 5% VAT rate lists all the separate expenditure items (using their COICOP codes) and indicates that an item is subject to the 5% VAT rate using a 'plus' (+) sign.

Those items that are not subject to the 5% VAT rate are denoted by 'not applicable' (n/a). Using an income list here essentially adds up (sums) the household's expenditures across all items that are VAT-able at the 5% rate, and saves this aggregated household expenditure value in a variable called **il_vat01**. In the accompanying **ArithOp** for the 5% VAT items, we see that the household's aggregate expenditure on 5% VAT-able items is then multiplied by the constant **\$vat_r1**. This constant is not defined within the VAT policy, but rather we find it in the Constants policy towards the top of the user interface (line 10).

In order to implement the first part of this task, we need to find the constant **\$vat_r1** in the Constants policy, and change it from 0.05 to 0.04. Remember to only change the value in the **VN_2020_reform02** system.

We then need to consider the 10% VAT rate. We should again review the contents of the VAT policy, to see that there are again two functions relating to this VAT rate: a **Defil** function and an **ArithOp** function. This time the income list sums the expenditures on items that are subject to the 10% VAT rate, and saves this aggregate income for each household. The **ArithOp** then multiplies this by the relevant constant, which is also placed within the Constants policy. We need to change the value of this constant from 0.10 to 0.08, thereby reducing the VAT rate from 10% to 8%.

Figure 9. User interface showing changes in the two VAT rates

Policy	Grp/No	VN_2020	VN_2020_reform01	VN_2020_reform02	Comment
10	constdef_vn	on	on	on	DEF: Constants
10.1	DefConst	on	on	on	
10.1.1	\$ssnet_r	0.215	0.215	0.215	SSNET contribution rate
10.1.2	\$ssnet_u	0.105	0.105	0.105	SSNET contribution rate
10.1.3	\$pline_urban	10444m	10444m	10444m	Poverty line for urban -- updated for pre/post-input dataset timepoint
10.1.4	\$pline_rural	8094m	8094m	8094m	Poverty line for rural -- updated for pre/post-input dataset timepoint
10.1.5	\$pline_urban_p	9934m	9934m	9934m	Post-fiscal poverty line for urban areas
10.1.6	\$pline_rural_p	7754m	7754m	7754m	Post-fiscal poverty line for rural areas
10.1.7	\$pline_urban_u	19644m	19644m	19644m	Upper poverty line for urban areas
10.1.8	\$pline_rural_u	14734m	14734m	14734m	Upper poverty line for rural areas
10.1.9	\$pline_urban_p	18604m	18604m	18604m	Upper post-fiscal poverty line for urban areas
10.1.10	\$pline_rural_p	14034m	14034m	14034m	Upper post-fiscal poverty line for rural areas
10.1.11	\$pline_iv_std_urban	14994m	14994m	14994m	Income threshold for Poor and Nearly Poor in urban areas
10.1.12	\$pline_iv_std_rural	11574m	11574m	11574m	Income threshold for Poor and Nearly Poor in rural areas
10.1.13	\$snikt_ra	0.05	0.05	0.05	Tax rate on capital income
10.1.14	\$vat_r1	0.05	0.05	0.04	VAT 5% rate (decrease to 4% in reform 2)
10.1.15	\$vat_r2	0.10	0.10	0.08	VAT 10% rate (decrease to 8% in reform 2)

We can then run the model to simulate the output of **VN_2020_reform02** system. Once the model has successfully run through to completion, we can use the Statistics Presenter.

Figure 10. Statistics Presenter output on government revenue and expenditure

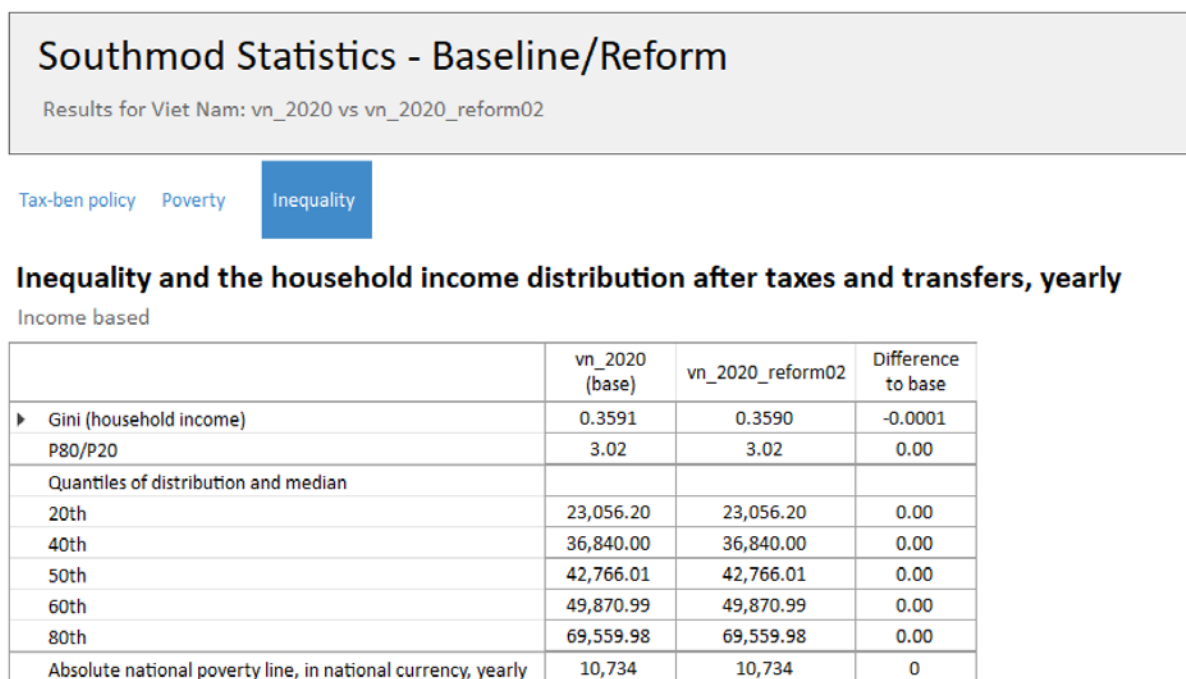
Southmod Statistics - Baseline/Reform			
Results for Viet Nam: vn_2020 vs vn_2020_reform02			
<div> Tax-ben policy Poverty Inequality </div>			
Tax-benefit policy			
Yearly, mill. national currency			
	vn_2020 (base)	vn_2020_reform02	Difference to base
► Government revenue through taxes, SSC and indirect taxes	738,194.24	715,613.94	-22,580.31
... direct taxes	34,557.06	35,562.58	1,005.52
... indirect taxes	138,289.74	114,703.92	-23,585.82
... social security contributions (employer, employee and self-employed)	565,347.44	565,347.44	0.00
Government expenditure on social transfers	283,080.70	283,080.70	0.00
... child benefits	7,103.74	7,103.74	0.00
... social assistance	18,103.56	18,103.56	0.00
... orphan/widow benefits	0.00	0.00	0.00
... disabled benefits	59,205.32	59,205.32	0.00
... unemployment benefits	1,513.36	1,513.36	0.00
... pension benefits	197,154.71	197,154.71	0.00

Figure 11. Statistics Presenter output on poverty

Southmod Statistics - Baseline/Reform			
Results for Viet Nam: vn_2020 vs vn_2020_reform02			
<div> Tax-ben policy Poverty Inequality </div>			
Poverty after taxes and transfers			
Income based			
	vn_2020 (base)	vn_2020_reform02	Difference to base
► Share of poor population, in %			
All	5.03	5.03	0.00
Poor households out of ...			
... male headed households	5.68	5.68	0.00
... female headed households	2.89	2.89	0.00
... households with children	5.88	5.88	0.00
... households with older persons	4.33	4.33	0.00
Poverty gap (average normalised poverty gap, FGT(1))			
All	2.05	2.05	0.00
Poor households out of ...			
... male headed households	2.38	2.38	0.00
... female headed households	1.00	1.00	0.00
... households with children	2.42	2.42	0.00
... households with older persons	1.71	1.71	0.00
Absolute national poverty line, in national currency, yearly:	10,734	10,734	0

As can be seen from Figure 11, the adjustment of VAT and increasing the tax rates of the specified tax bands in the labour income tax policy would have resulted in no change in the poverty rate during the 2020 calendar year

Figure 12. Statistics Presenter output on inequality



Such reforms would have resulted in a very small reduction (-0.0001) in the Gini coefficient, from 0.3591 in VN_2020 to 0.3590 in VN_2020_reform02