Southern Africa – Towards Inclusive Economic Growth (SA-TIED)

Work stream 2:
Public revenue mobilization for inclusive development
This work stream has two main aims

1. As a continuation to the Firm-Level Analysis project, a key goal is the work on data
   - Modify SARS data so that it is easily accessible and well documented
   - As earlier, the data set also serves the needs of other work streams

2. Actual tax research
   - Using both administrative SARS data but also other data sets (survey data)
Why worry about taxes?

• Clearly, ministries and revenue authorities often focus on revenue raising and improving compliance

• However, South Africa also needs new jobs and investments
  – How distortive are taxes?

• Clear linkages to inequality analysis
  – Taxes and transfers are the most direct way to influence distribution
  – How large are the trade offs?
Research topics

• Responsiveness of firms to tax incentives
  – The impact of taxation on the self employed, taxed according to the progressive income tax schedule
  – The effects of incentives such as the special HQC regime on larger firms

• Microsimulation model for enterprise taxation
  – Combined business taxation and owners’ taxes
  – Can be used to predict taxpayer responses to changes in the overall burden of the tax under the assumption that firm owners minimise their taxes
Research topics continued

• Compliance
  – Profiling models of under-reporting or non-reporting
  – Do firms avoid being handled by the Large business centre?

• Field experiments
  – Often used to encourage compliance
  – Perhaps more novelty would be in work related to improving employment or growth
  – If used, what is experimented must be chosen so that it caters for SARS needs
Research based on survey data

• Tax-benefit microsim model, SAMOD, will be kept up to date
  – Possibility to merge with admin data explored
  – Used to study work incentives (PTRs, EMTRs)
  – And the impact of policy reforms on work incentives, as well as inequality

• A scoping study on a micro-macro model

• Revisiting the ETI with more years of data
Capacity building

• Data work one area of capacity building
• Research can be conducted jointly with SARS and NT staff members
• Participation of SA academic researchers, especially early-career researchers, very welcome
  – Linking foreign and SA scholars
• Collaboration with other tax authorities in the region encouraged
  – E.g. via ATAF
Timing

Year 1
• Data work starts, to be finished by the end of 2018
• First research papers commissioned
• Call for papers organised towards the end of the year / early on during Year 2

Year 2
• Second batch of work commissioned
• Improvements in data access considered

Year 3
• Papers ready
• Final seminar

All years: annual workshops