



Jukka Pirttilä | 30 November 2017, Pretoria

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