Accounting data, 83-86, 92-93	Cameron, S., 172
Acemoglu, D. J., 172	Canada
Adema, W., 225, 301-302	average tax rates in, 321, 338, 342-50
Alesina, A., 303, 304, 306	corporate average tax rates in, 342-50,
Altshuler, R., 59, 130, 134, 138, 144, 147	356n.32-33, 357n.39, 357n.41
Alworth, J., 53	education and child tax credits in, 180-
Angrist, J., 172	84, 203
Asea, P., 289, 290, 297	effective tax rates in, 171-72, 198-200
Auerbach, A. J., 51, 122	effective tax rates on undergraduate
Australia, 234, 274, 278, 283	university education in, 187-97
Austria, 218, 234, 246, 274, 276, 283, 304,	nonresident withholding tax in, 218
305, 321, 323, 333–36	owner-occupied housing rentals in, 241-
Average tax rates, 18, 19–21, 75–78, 104–	42
105, 134–35, 256n.2, 314n.6, 315n.14,	payroll taxes in, 185
319–320. See also Effective tax rates	personal income tax in, 180-84, 278, 283
business losses and, 338-42, 357n.38	student loan plans in, 185–86, 195, 200–
on corporate income, 337–50, 355n.23–26,	201, 203–205
356n.32–33, 357n.39, 357n.41	tax rates on physical capital versus
discrete change tax rates (DTR) and, 336-	human capital in, 173–80
37, 355n.22	tuition in, 178–80, 201–202
effect of sector and firms size on, 346-50	unemployment in, 305
income distribution effects on, 332–37	Capital income taxes, 35–39, 46–58. See
on personal income, 321–37, 325n.7	also Personal taxes
on transfer income, 331–32	accounting data and, 83-86
use of taxpayer micro data to assess,	aggregate tax revenues and, 94-95
314n.6, 319-21	in Canada, 173–80
	household, 239-50
Belgium, 236, 246, 283, 304, 305, 321, 338	versus labor, 214-16, 257-58n.18, 302-
corporate average tax rates in, 342-50,	303, 353n.6
356-57n.36, 357n.41	macroeconomic data and, 86-90
Bernheim, B. D., 122	measures used for, 74-79
Blanchard, O., 297	optimal composition of capital and, 42-
Boadway, R. W., 11, 49, 50, 171	45
Bovenberg, A. L., 173	personal income tax and, 221
Bradford, D. F., 122	purpose of measuring, 37-39, 73-74
Bruce, N., 11, 49, 50, 190	ratio of labor versus, 221–25
Brule, A., 171, 174, 175	research on, 35-36
Business losses, 338-42, 357n.38	Carey, David, 20, 24, 25, 27, 28, 283, 300

Chamley, C., 172 home-government allocation rule, 147-Child tax credits, 181, 278-82 Churning, 107-109 importance of, 129 Clark, Steven, 27 mobile versus locational rents and, 135-Cochrane, J. H., 53 36, 160-61 Collins, Kirk, 28-31, 193 nature of company planning and, 132-Competition, tax, 155–62 50 Constantinides, G. M., 122 repatriation taxes on, 138, 152-53, Consumption taxes, 219–21, 224–25, 168n.10 257n.14, 266 royalties and, 146-47, 152, 165, 166, Corporations. See also Cross-border direct 169n.16 investment subsidiaries and, 147, 155-62 accounting for business losses by, 338-42, systems for taxing, 139-40 tax competition and, 155-62 alternative measures of income on, 60-61 tax-planning responses and the multiaverage tax rates on, 337-50, 355n.23-26, country nature of, 133-34 356n.32-33, 357n.39, 357n.41 tax-shifting devices and, 138-39 choice of organizational form, 114–15 Daveri, F., 289, 290, 297, 304-306, 312, 313 churning by, 107–109 effect of sector and firm size on tax rates Davies, Jim, 28-31, 172, 173, 175, 193 for, 346-50 De Haan, Jakob, 24, 27–28, 231, 302, 303, effective tax rates on, 57–64, 101–107, 304, 306 Debt arbitrage, 118-21, 136-37 150 - 55excess credit, 142-43 Debt finance hybrid securities and entities, 148–49 effect on investment, 111–13 marginal tax rates of, 76-77 multinational corporations, 136-38, 153model approach to assumptions about, 54, 165–66 57 - 58and personal taxes, 7-10, 111-13 multinational, 52-53, 131-67 Denmark, 218, 225, 226, 236, 278, 283, 305, profits, 110-11 321 profits, 356-57n.36 personal income in, 331-32 R-base tax and, 105-107 Devereux, Michael, 3, 4, 7, 11, 21–22, 52, 53, 57, 66, 73–74, 75–76, 91, 111, 155, repatriation taxes on, 138, 152-53 risk and investment decisions made by, 53-57, 109-10 Discrete change tax rates (DTR), 336–37, royalties, 146-47, 152, 165, 166 355n.22 sources of finance for, 48-52 Dividend taxes, 51, 243-45 subsidiaries, 147, 155-62, 168n.5 Cross-border direct investment. See also Education Investment decisions student loans and, 185-86, 195, 200-201, actual tax burden on foreign income 203-205, 209n.29-30 from, 150-55 tax credits, 182-83, 203 average versus marginal effective tax tuition, 178-80, 201-202, 208n.27 rates and, 134-35 university subsidies and, 190-91 data sources, 163 debt financing and, 136-38, 153-54, 165-Edwards, J. S. S., 51 Effective tax rates. See also Average tax effective tax rates on, 129-32 factors in determining tax burden on, backward-looking versus forwardlooking measures of, 17–19 high-tax versus low-tax locations, 144-50, basic backward-looking measures of, 166 - 6714 - 17

in Canada, 171-72, 198-200 tax on government interest payments in, choice of organizational form and, 114-234 - 36corporate, 57-64, 101-107, 150-55 Family cash government benefits, 274 cross-border investment, 140-44 Feldstein, M., 100-101, 104, 107, 123 debt arbitrage and, 118-21 Finland, 225, 226, 234, 236, 241, 265, 274, debt finance and personal, 7–10 278, 283, 305 effect on investment decisions, 38-39, 99-Finnie, R., 185 101 Fiorito, R., 298, 302 effective, 1-4 Flat tax rates on interest income, 245-48 estimating backward-looking average, Foreign direct investment, 52–53, 65 France, 142, 234, 242, 245, 246, 248, 305 foreign direct investment, 12-14, 65 Fullerton, D., 7-10, 35, 49, 50, 51-52, 100-Gordon, Kalambokodis, Slemrod tax rate 101, 103–104, 107, 108, 111, 171 and, 105–107, 115–16, 124–25 on human capital, 28-31 Germany, 218, 242, 245, 248, 283, 305 King-Fullerton, 103-104, 114-15, 264 Glenday, G., 175 Globalization, 129, 213 on labor income, 22-26 marginal, 18, 19-20, 75-76, 134-35, 315n. Gordon, Roger H., 16–17, 18, 36, 93–94, 14, 319–20 99-101, 105-107, 124, 156 measured allowing for personal taxes, Government interest payments, 234–36, 259n.33 measured using data on taxes collected, Greece, 218, 283, 305 Griffith, R., 52, 53, 74, 75-76, 91, 111, 213 mobile versus locational rents and, 135-Gross wages, calculation of, 271–72 Grubert, Harry, 13-14, 59, 130, 134, 135, observable, 61–62 137, 138, 144, 147, 161 observable marginal, 62-64 R-base tax, 105–107, 124 Hall, R. W., 7, 100, 101, 103, 107–109, 108, risk accounting and, 10-11 123 study of, 1-4 Heady, Christopher, 27, 28, 296 tax competition and, 155-62 Health insurance, 224–25 tax legislation and, 4-7 Heckman, J. J., 172 Taxing Wages approach to measuring, Hines, J. R., 59 264 - 66Home government allocation rule, 147–48 on undergraduate university education in Household income Canada, 187-97 calculation of gross wages and, 271-72 in United Kingdom, 79-83, 91-92 combined effect of preferential university tuition and, 178-80 arrangements for taxation on, 248-50 Einerhand, M., 301 distribution effects and progressivity, Eklind, B., 301 332 - 37Elmeskov, J., 289, 296, 303, 306 from dividends, 243-45 English, M. D., 174 flat rate tax on interest, 245-48 Equity income, personal taxes on, 122–23 from government family cash benefits, 274 multiple types of, 327-30 European Union. See also individual countries from pension funds and life insurance capital income tax in, 222-25 policies, 239-41 household capital income taxes in, 239from rentals on owner-occupied housing, 241-43, 260n.45 labor income tax ratios in, 225-29 single category, 324–26 self-employment income in, 229-34 taxpayer characteristics and, 267-71, social security contributions in, 236-39 285 - 86

Human capital, effective tax rates on, 28-Jorgenson, D.W., 7, 35, 100, 101, 103, 107-109, 108, 123 compared to tax rates on physical capital, Judd, K. L., 172 173-80, 206n.5 payroll taxes and, 185 Kalambokodis, Laura, 16-17, 18, 36, 93personal income tax and, 180-84 94, 99-101, 105-107 research on, 171-73 Keen, M. J., 51, 53 student loan plans and, 185-86, 195, 200-Kemsley, D., 59 King, M. A., 7-10, 35, 39, 49, 50, 51-52, 201, 203–205 undergraduate university education, 100-101, 103-104, 107, 108, 111, 171 187 - 97Klemm, Alexander, 21–22, 66, 91 Hungary, 218, 278 Klenow, P. J., 172 Hybrid securities and entities, 148-49 Korea, 234, 275, 278, 283 Labor Iceland, 278, 305 Indirect taxes, 219-20 alternative measures of tax burdens on, Interest income, 245-48 27-28, 213-14 Investment decisions. See also Cross-border versus capital income, 214-16, 221-25, direct investment 257-58n.18, 353n.6 average tax rates and, 104-105, 308-12 consumption tax ratio and, 219-21, 224basic model, 39-41 25, 257n.14 capital income tax ratios and, 229 household income tax ratio and, 216–19, choice of organizational form and, 114-224 - 25human capital tax rates and, 28-31 income tax rates, 22-26, 326-27, 330-31 churning and, 107-109 income tax ratio, 219, 225-26, 250-51, debt arbitrage and, 118-21 debt finance and, 111–13 256n.2, 297–304, 302–303, 312–14, in different types of assets, 59 315n.14 effect of foreign direct investment on, 52self-employed, 229-34, 354n.14 53, 65 social security taxes on, 236-39, 256n.8, effect of taxes on, 38-39, 99-101 260n.38, 272, 274, 298-300, 303 financial constraints on, 45 tax legislation affecting, 26–27 forms of finance available to firms tax on government interest payments making, 48-52 and, 234-36, 259n.33 King-Fullerton tax rate and, 103–104, tax wedge on, 290-97 Taxing Wages approach to measuring tax by marginal investors, 46-48 burden on, 263-87 optimal size of capital stock and, 41-42 unemployment and tax ratios on, 226, pure profits and, 110-11 289-90, 295-97, 304-12, 314n.1 R-base tax and, 105-107 Lammersen, L., 53 risk and, 53-57, 109-10 Layard, R., 291, 303, 308 theory of, 39-45, 64-66 Legislation, tax, 4–7, 26–27 Ireland, 234, 274, 278, 305 Life insurance policy income, 239–41 Islam, N., 310 Lockwood, B., 155 Italy, 246, 278, 283, 305 Lotz, J., 301 Lucas, R. E., 297 Jackman, R., 291 Luxembourg, 305 Jacobs, B., 173 Jacobs, O. H., 57 Macroeconomic data, 86-90 Japan, 218, 222, 224–26, 246, 266, 278, 305 Mansour, M., 171, 174, 175, 190 Jobs Study, 263 Manuelli, R. E., 172 Jones, L. E., 172 Marginal investors, 46–48

Martin, J. P., 289, 296, 303, 306 average, 321-37 Martinez-Mongay, C., 298, 300, 302, 304, calculation of, 272-74 306-308 calculation of gross wages and, 271-72 in Canada, 180-84 McKee, M. J., 296 McKenzie, K. J., 171, 174, 190 debt finance and, 7-10, 111-13 Meade Committee Report, 124 different income categories, 323-332 Mendoza, E. G., 3, 19, 23, 24, 28, 36, 59, 76, on dividends, 243–45 86, 90, 94–95, 213, 250–51, 289, 290, 297– effect of preferential arrangements for 304, 308, 310, 312, 313 capital income, 248–50 Mexico, 278 on equity income, 122-23 Milesi-Ferretti, G. M., 289, 290, 297 on income from pension funds and life Miller, M. H., 48, 50 insurance policies, 239-41 Mintz, J. M., 11, 49, 50, 173 on interest income, 245-48 Mobile versus locational rents, 135–36, labor income, 326-27 160 - 61on marginal investors, 46–48 Modigliani, F., 48 measuring effective tax rates allowing for, MRT method, 19-20 Multiple income types, taxation on, 327–30 Mendoza method for calculating, 216–19, Mutti, J., 59, 134, 137, 138, 161 297-304 multiple income type, 327–30 National Accounts, 298, 321, 322, 329, 338, progressivity and income distribution 345, 356n.29 effects on, 332-37 Netherlands, 225, 236, 239, 248, 260n.45, on rentals on owner-occupied housing, 241-43, 260n.45 278, 305 New Zealand, 218, 234, 278, 283, 305 single income category, 324–26 Newlon, T. S., 59 standard tax reliefs, 273, 354n.15 Nickell, S. J., 290, 291, 295–96, 303, 304, state and local, 273-74 tax wedge affecting, 264-66 Taxing Wages approach to measuring, 1995 Survey of Consumer Finance (SCF), 187 1994 Benchmark Survey on US Direct 263 - 87Investment Abroad, 147 taxpayer characteristics and, 267-71 Nielsen, S. B., 173 Poddar, S., 174 Norway, 231, 245, 305, 321 Poland, 278 personal income in, 323-27 Portugal, 218-19, 246, 278, 305 Profits, corporate, 110-11, 356-57n.36 OECD Committee on Fiscal Affairs, 319– Property taxes, 221 Optimal size of capital stock, 41–42 R-base tax, 105–107, 124 Organizational form, choice of, 114–15 Rabesona, Josette, 20, 24, 25, 27, 28, 283, Owner-occupied housing rentals, 241–43, 260n.45 Razin, A., 3, 19, 23, 24, 28, 36, 59, 76, 86, 90, 94-95, 213, 250-51, 297-304, 308, 310, Padrini, F., 298, 302 312, 313 Palley, T. I., 297 Redoano, M., 155 Repatriation taxes, 138, 152-53, 168n.10 Payroll taxes, 185, 274 Pearson, M., 301 Revenue Statistics, 215, 298, 302, 319, 321, Pecorino, P., 172 322, 338 Pension funds, 239-41 Rice, E., 59 Perotti, R., 303, 304, 306 Risk Perroni, C., 172 accounting and tax rates, 10-11 Personal taxes. See also Capital income and income on taxes from capital, 53taxes 57

Royalties, 146-47, 152, 165, 166, 169n.16 Saunders, P. G., 296 Scarpetta, S., 289, 291, 295, 296, 303, 306 Self-employed income divided into capital and labor components, 229-31 separated from labor and capital income, 231-34, 300-301, 354n.14 Shea, J., 172 Single income categories, 324–26 Sinn, H.-W., 12, 136, 138, 144 Slemrod, Joel B., 16-17, 18, 36, 93-94, 99-101, 105–107, 124, 155 Social security taxes, 219, 225, 236-39, 250-51, 256n.8, 260n.38, 272, 274, 298-300, 303 Sørensen, Peter Birch, 52, 134, 137, 173 Spain, 242, 245, 248, 278, 305 Spengel, C., 53, 57 State and local income taxes, 273–74 Stiglitz, J., 122 Structures of the Taxation System, 302 Student loan plans, 185–86, 195, 200–201, 203-205, 209n.29-30 Sturm, Jan-Egbert, 24, 27–28 Subsidiaries corporate, 147, 155-62, 168n.5 university, 190-91 Summers, L., 100-101, 104, 107, 123 Sutherland, H., 282 Sweden, 225, 226, 236, 278, 305 Swenson, D. L., 59 Switzerland, 234, 260n.45, 275, 278, 283, Tabellini, G., 289, 290, 297, 304–306, 312, 313 Taber, C., 172 Tax Burdens—Alternative Measures, 319 Tax reliefs, 273, 354n.15 Taxing Wages approach to measuring tax

burden, 213, 263-64, 296

limitations, 274-75

calculation of gross wages for, 271–72 calculation of personal income taxes,

coverage of taxes and benefits, 272

marginal rates limitations, 276

compared to alternative approaches, 282-

Rossi, P. E., 172

methodology, 266-76 purpose of, 276-82 taxpayer characteristics and, 267–71, 285 - 86time-series comparisons limitations, 275 Tesar, L., 3, 19, 23, 24, 28, 36, 59, 76, 86, 90, 94-95, 213, 250-51, 297-304, 308, 310, 312, 313 Tuition, university, 178–80, 201–202, 208n.27 Turkey, 278 Unemployment, 226, 289-90, 295-97, 304-12, 314n.1 United Kingdom, 21 accounting data from, 83-86, 92-93 approaches to measuring taxes on capital income in, 74-79 child tax credits in, 282 dividend taxation in, 245 effective tax rates in, 79-83, 91-92 macroeconomic data from, 86–90 measuring taxes on income from capital in, 73-74 owner-occupied housing rentals in, 242 personal income tax in, 278 preferential arrangements for capital income taxation in, 248 unemployment in, 305 Universities. See also Education subsidies to, 190-91 tuition, 178-80

Vaillancourt, F., 197 Visser, J. C., 296 Volkerink, Bjørn, 24, 27–28, 231, 302, 303, 304, 306, 310

Wages, tax ratios and, 290–95 Weichenrieder, A., 136 Whalley, J., 172, 173 Wolfers, J., 297

Zeng, J., 172, 173 Zhang, J., 172, 173