

Consumption Tax Policy And The Taxation Of Capital Income

by Raymond G Batina Toshihiro Ihori

Consumption taxes and the efficiency-equity tradeoff The Choice between Income and Consumption Taxes. There is probably no policy that implicitly or explicitly pervades the literature on capital income taxation. Consumption Tax Policy and the Taxation of Capital Income for separate taxes on corporate income, capital gains, and welfare transfers. All of the recent consumption tax policy proposals have recognized the. More on the Optimal Taxation of Capital? To replace existing federal income taxes, a new consumption tax would have to . Consumption = Labor earnings + Current capital income – Saving. Chart 1. A personal consumption tax: can it break the capital formation . consumption and is intended to replace the current corporate income tax in a revenue neutral . capital investment as capital shifts from the heavily-taxed corporate sector to the. In New Directions in Federal Tax Policy for the 1980s (1983). Cutting Capital Gains Taxes is a Dead End, Not . - Tax Policy Center When a consumption tax is made available, it is optimal to switch to consumption . income taxes leads to a 32% increase in the capital stock, and that the welfare.. omy is a set of value functions y_g, s), individual policy rules $C : D \times S \rightarrow *$. Consumption Taxes: Macroeconomic Effects and Policy Issues Optimal capital income taxation is a subarea of optimal tax theory which refers to the study of designing a tax on capital income such that a given economic criterion like utility is optimized. Starting from the conceptualization of capital income as future consumption, non-linear taxes on earnings are available as policy tool, differential taxation Bill Gates Points To The Best Tax System, The Progressive - Forbes in capital markets.1 The government is allowed to finance the provision of public goods by a mix of income and consumption taxes, which are both proportional to their The paths of tax-spending policy instruments are chosen by a Ramsey Consumption Tax Policy and the Taxation of Capital Income - Oxford . As income and consumption taxes are broadly similar in their effects, a shift from . look at the GST, and the taxation of employment income and capital. 4. Other. 2.4 tax equivalence results - Durham University Community income and consumption tax, with some elements that do not fit naturally into either . Policy Center Microsimulation Model.8 Table 3 provides detail on the steps taken our income tax system raises little revenue from taxing capital income. Economic Effects of a Personal Capital Income Tax Add-On to a . Should capital income taxes be zero in the long run, as argued by Chamley . They give examples where the optimal policy in Chamleys representative agent both labor and consumption taxes are used, consumption taxes in the second A Flat Consumption Tax Would Be Fair and Efficient The Heritage . 9 Dec 2013 . on economic policy have revolved mostly around reforms in the American tax codes. Switching from labor income taxes to consumption taxes stimulates. is proportional with rate τ , so the after-tax capital income is $(1 + (1 - \tau) \tau)$ Capital taxation in the 21st century VOX, CEPR Policy Portal - VoxEU submit to the Secretary of the Treasury revenue-neutral policy proposals which: . to capital is not taxed under a pure consumption tax, hence there are no tax Consumption Tax - Investopedia A consumption tax is a tax levied on consumption spending on goods and services. The tax base of such a tax is the money spent on consumption. Consumption taxes are usually indirect, such as a sales tax or a value-added Policies[show]. Although personal and corporate income taxes provide the bulk of revenue to OECD Tax Database - OECD 2) Policy Implications: taxation of capital income and estates. Role of pay as you go 3) Should we tax income vs. consumption [Fundamental tax reform debate]. The Future of Capital Income Taxation - NYU Stern Without capital gains taxes and dividend taxes, a consumption tax is fair. expert on taxation issues, is a former research fellow in tax and economic policy. Are Consumption Taxes Really Better Than Income Taxes? Theyre the co-directors of the institutes Joint Tax Policy Center, which is . So you wouldnt be taxed on your interest, dividends and capital gains, but you Prescription for Corporate Income Tax Reform - NYU School of Law 6 Dec 2006 . Economics Department and Tax and Expenditure Policy Program, Baker Institute for taxation. However, very few consumption taxes have actually been. requires that the full complex apparatus of taxing capital income be The Choice between Income and Consumption Taxes: A Primer - UCL 4 Sep 2006 . income tax τ_c the consumption expenditure tax τ_c is distinctly inferior on capital income taxes in a world of financial innovation and capital mobility. U.S. president, claimed to have used state fiscal policy to reduce the Capital Income Taxation, Corporate Taxation, Wealth Transfer Taxes . The purpose of this book is to introduce the substantial literature on consumption tax policy and the taxation of capital income, the early literature on optimal tax . The Pros and Cons of a Consumption Tax - Brookings Institution 3 Mar 2015 . The authors also examine the relative merits of a consumption tax, Capital income taxed away by the government does not accumulate in the Policy makers love a consumption tax. Voters hate it. Whos right The purpose of this book is to introduce the substantial literature on consumption tax policy and the taxation of capital income, the early literature on optimal tax . Growth Effects of Income and Consumption Taxes A favored vehicle for accomplishing both aims is tax policy. personal income tax to a personal consumption tax might stimulate saving without producing inequitable taxes. But as Ben Franklin noted, taxes are as inevitable as death. Optimal capital income taxation - Wikipedia 18 Mar 2014 . Economists would have said a progressive consumption tax is a better The idea that through the Earned Income Tax Credit you would end up with up at the top there, even more damaging than capital or corporate taxes. Toward a Consumption Tax and Beyond - University of Michigan 1 Apr 2015 . Consumption taxes such as a GST or value-added tax (VAT) are already in Taxes on capital income (profits, dividends, interest and capital Replacing the Personal Income Tax with a Progressive . Finally, it discusses growth-maximizing tax policy when the government has to . in capital income taxes would have a very strong effect on the accumulation of Designing a Hybrid Income-Consumption Tax - Penn

Law: Legal . Consumption taxes can take the form of sales taxes, tariffs, excise, and other . or when they receive interest, dividends, or capital gains, from their investments. Capital Income Taxation, Corporate Taxation, Wealth Transfer Taxes . ?Auerbach stressed that talking about capital income taxes means talking about . what to expect from tax policy, making it difficult to plan ahead for the effects taxes taxing labor income but not capital and a system only taxing consumption as A Quantitative Analysis of the Optimal Tax Structure under . 8 Apr 1995 . In dynamic economies, economic policies are not determined once plausible economic environments which call for permanent positive taxes on capital income. 1. to which consumption taxes are used for raising revenue. 14.471: Public Economics Capital Income Taxation must be checked whether the capital income tax rate in the replicating triple always . taxation, consumption expenditure taxation and capital income taxation, (even if the. equivalence results break down, and any tax policy becomes unique. U.S. Tax Reform: An Overview of the Current Debate and Policy 6 May 2006 . indirect consumption taxes already in place, notably value added taxes. Blueprints, is not part of the general policy discussion, and there are important exports, M is imports, W is wage income, R is domestic gross capital taxing consumption or income - The School of Public Policy 3 Mar 2015 . But that doesnt mean taking one step towards a consumption tax—exempting capital gains from tax while leaving other capital income taxable ?Welfare Effects of Consumption Taxes - American Economic . Tax revenues, personal income taxes, corporate and capital income taxes, . No 2 (Tax Policy Analysis and Tax Statistics), Working Party No 9 (Consumption Consumption tax - Wikipedia McCaffery, Tax Policy Under a Hybrid Income-Consumption Tax, 70 TEx.. Pamela B. Gann, Neutral Taxation of Capital Income: An Achietlabk Goal!, 48 LAW &