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WIDER Development Conference 2018

2.4 Tax and benefit policies

What are tax-benefit microsimulation models and why are they important?

Integral part of **governments' "bookkeeping"**:

- Understand who pays how much taxes and who receives benefits;
- How taxes and benefits affect the government budget;
- Estimate effects of tax/social protection reform.

Social protection on the rise in the developing world; at the same time countries need to increase tax revenues.

Complex models → need to train model developers and users.

A priori static models → depending on research question need to consider behavioural effects.

SOUTHMOD country models as of 2018

Ecuador

Ethiopia

Ghana

Mozambique

Tanzania

Viet Nam

Zambia

Uganda – work in progress

plus updates of existing models for **Namibia** and **South Africa**

saspri

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SOUTHMOD in numbers

policy updates per country model

2

1

Special issue forthcoming in the International Journal of Microsimulation

48

research papers

feasibility studies

technical notes

country reports

Average number of policies modelled per country

12

training participants

government officials

researchers

342

45

team members

3

software updates

saspri

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In this session

Latest research on

1. Reform proposals for a revenue-neutral social protection reform in Zambia (Remmy Kampamba),
2. Distributional impact of taxes and benefits in African countries (Gemma Wright),
3. Tax-benefit systems swaps between Ecuador and Colombia (Xavier Jara),
4. Improving income data quality in Africa (Michael Noble).

Discussion by Guillermo Cruces.

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