

Public Sector Transfers: Generational Accounts vs. National Transfers Accounts

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Objective

- Compare Public Sector Transfers among Generational Accounts and National Transfers Accounts
- The main differences are due to using different age profiles for the outflows
- At the end, the net public transfers are quite similar

Public Sector in Spain

Inflows (million euros)

	In-kind	Cash
Education	26,731	
Health	32,888	
Pensions (Social Protection included)		82,570
Debt servicing		20,282
Other current transfers		81,358
Rest of the world		509

Public Sector in Spain

Outflows (million euros)

Indirect taxes	71,555
Direct Taxes	67,520
Social Contributions	81,146
Property Income	6,979
Other current transfers	12,062
Rest of the world	997

Datasets

- PHOGUE – Income (microdata)
 - European Household Panel
- ECPF – Consumption (microdata)
 - Household Budget Survey
- MTAS – Pensions (published information)
 - Ministry of Labor and Social Security

Taxes in Spain

National taxes in Spain can be classified as follows:

- Direct taxes:
 - Corporate income tax
 - Personal income tax (IRPF)
 - Non-residents' income tax
 - Net worth tax
 - Inheritance and gift tax
- Indirect taxes:
 - Value added tax (VAT)
 - Transfer tax and stamp duty
 - Excise taxes
 - Customs duties on imports
 - Tax on insurance premiums

Taxes in Spain

V. A. T.

3 categories of V. A. T. :16 %, 7% and 4 %.

- Exempt: certain transactions as supplies of goods and services relating to insurance and financial activities, health, education, rental of residential property, etc.).
- Not applicable in Canary Islands, Ceuta & Melilla (North Africa)

Taxes in Spain

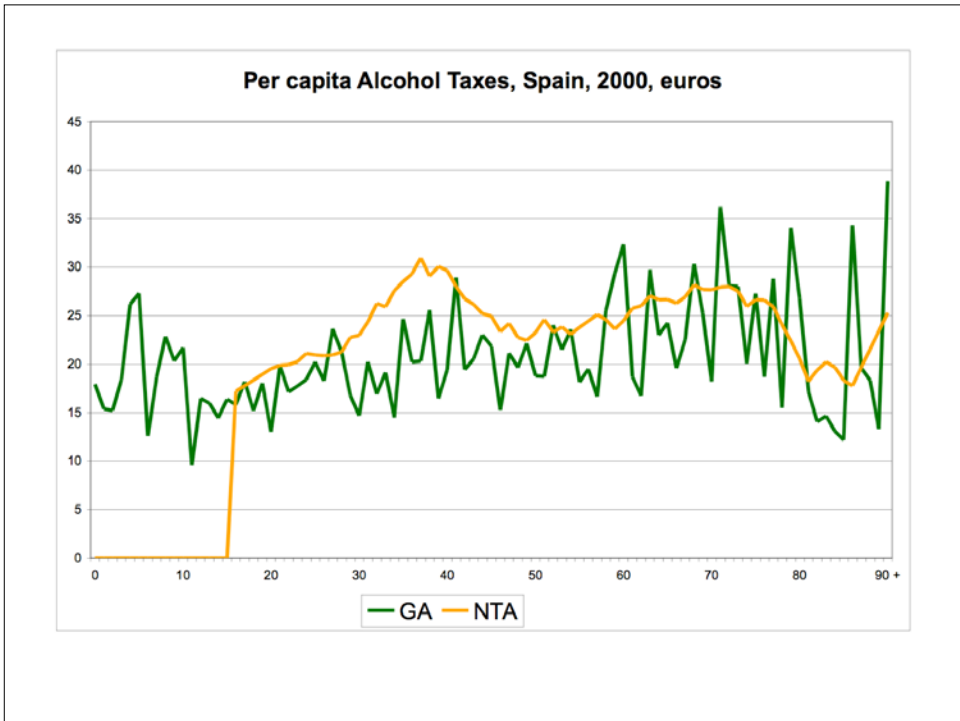
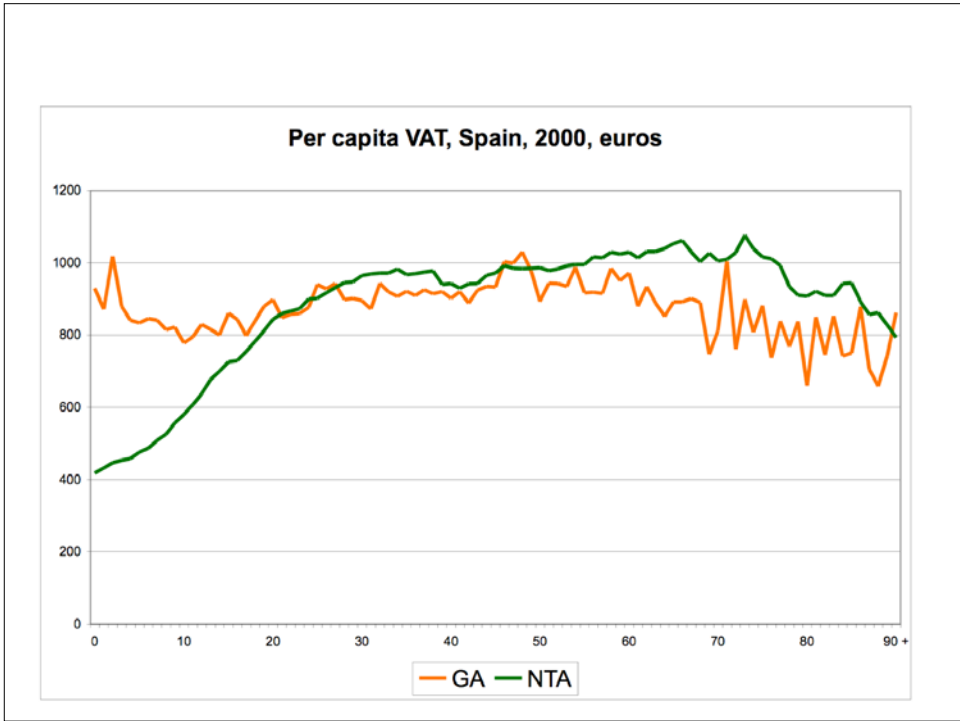
- Excise taxes:
 - Alcohol and alcoholic beverages
 - Beer
 - Oil and gas
 - Manufactured tobacco
 - Energy
 - Vehicles:
 - 12% rate in mainland Spain, 11% in the Canary Islands and 0% in Ceuta and Melilla
 - For vehicles under 1,600 c.c. or 2,000 c.c. if diesel: 7% in mainland Spain and 6% in the Canary Islands).
 - A 50% reduction in the tax base is envisaged for vehicles with five to nine seats and for families with three or more children.

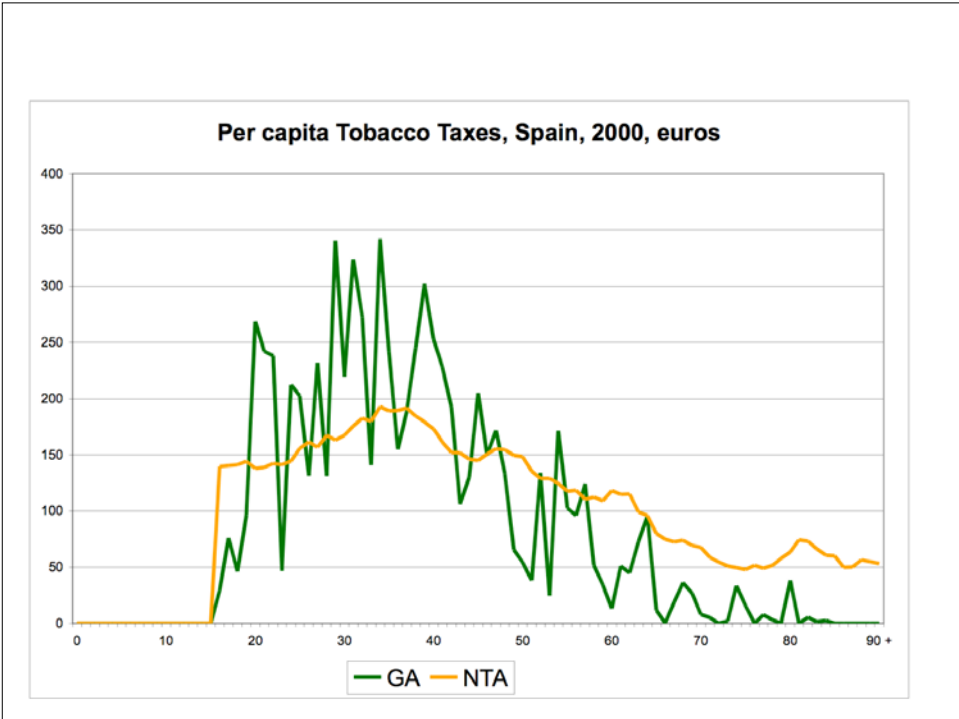
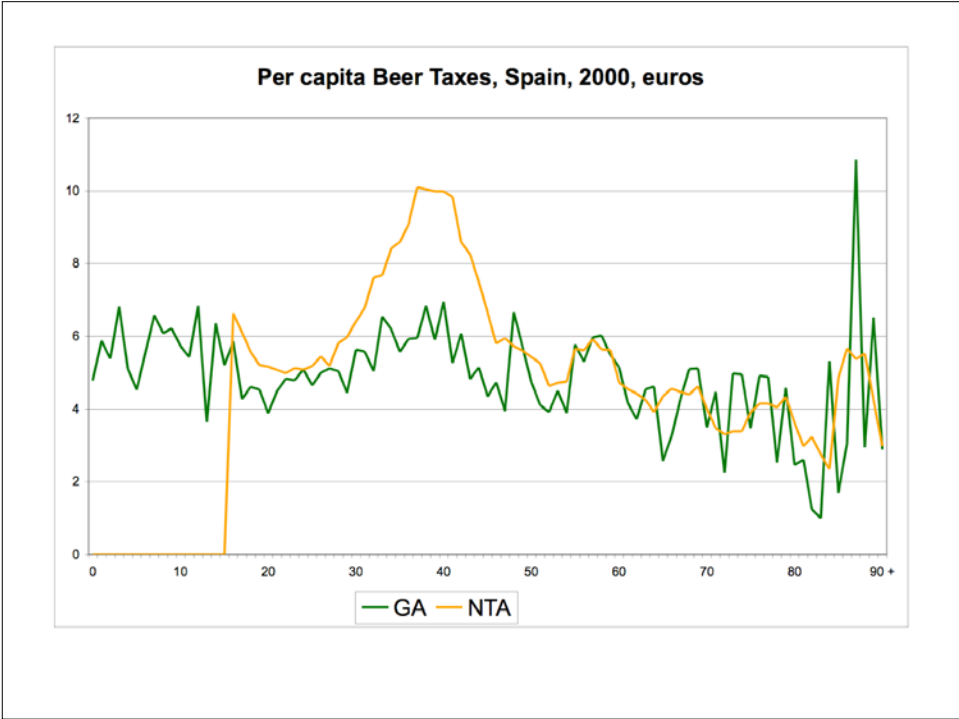
GA Methods

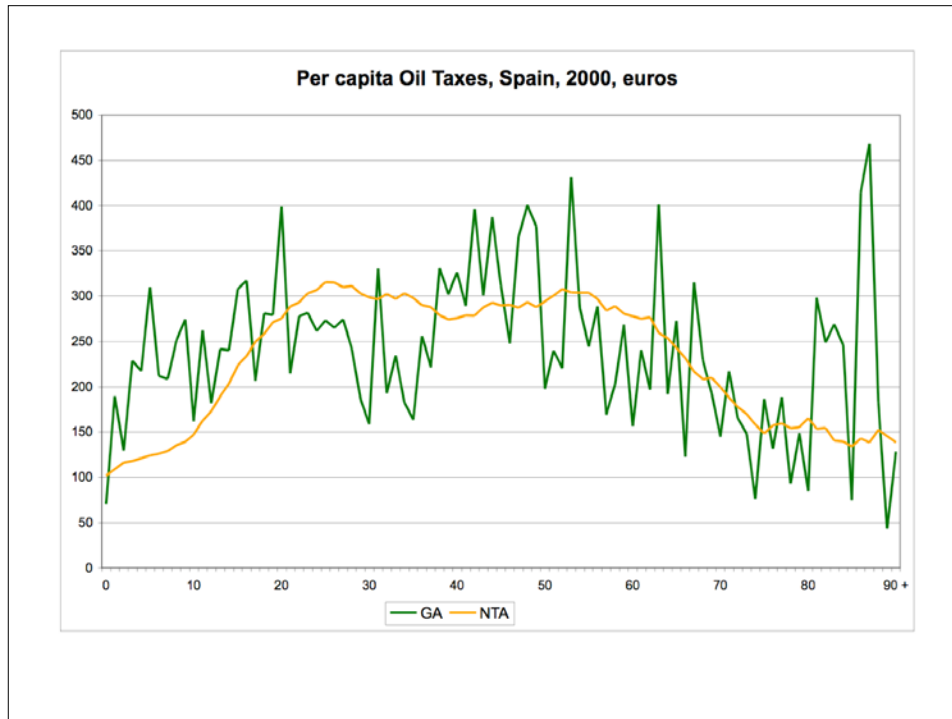
- Consumption Profiles
 - Equivalence scale from OCDE
 - 1 for household head, 0.7 for people older than 13 years-old, and 0.5 for children.
 - Used for V.A.T., Property Tax, Alcohol, Oil Taxes and Vehicle taxes. It is created an age profile for each of this taxes.
- For Tobacco consumption
 - Consumption profile from Health survey

NTA Mtehdos

- Consumption Profiles for V.A.T. (without dividing goods by tax rate) and oil taxes
 - NTA equivalence scale
 - It is created an age profile separately for alcohol, beer, tobacco and oil no compare with GA.
- For alcohol and tobacco, per capita among people older than 16 inside households







Social Contributions

GA

3 profiles

- Earnings
- Self-employment
- Unemployment

Employees, self-employment and agricultural workers were treated separately.

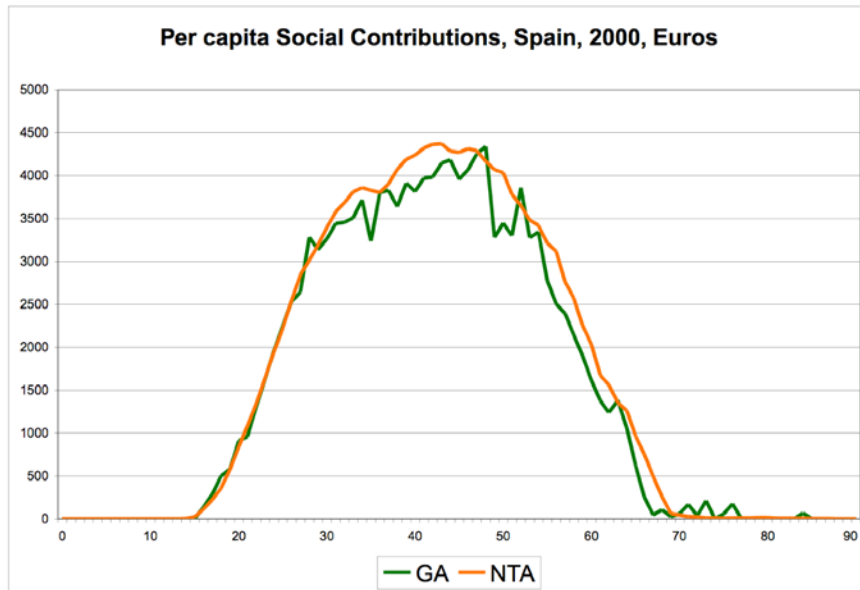
It was calculated the contribution base, and the correspondent rate was applied in every case.

It is not included imputed social contributions in the aggregate control.

NTA

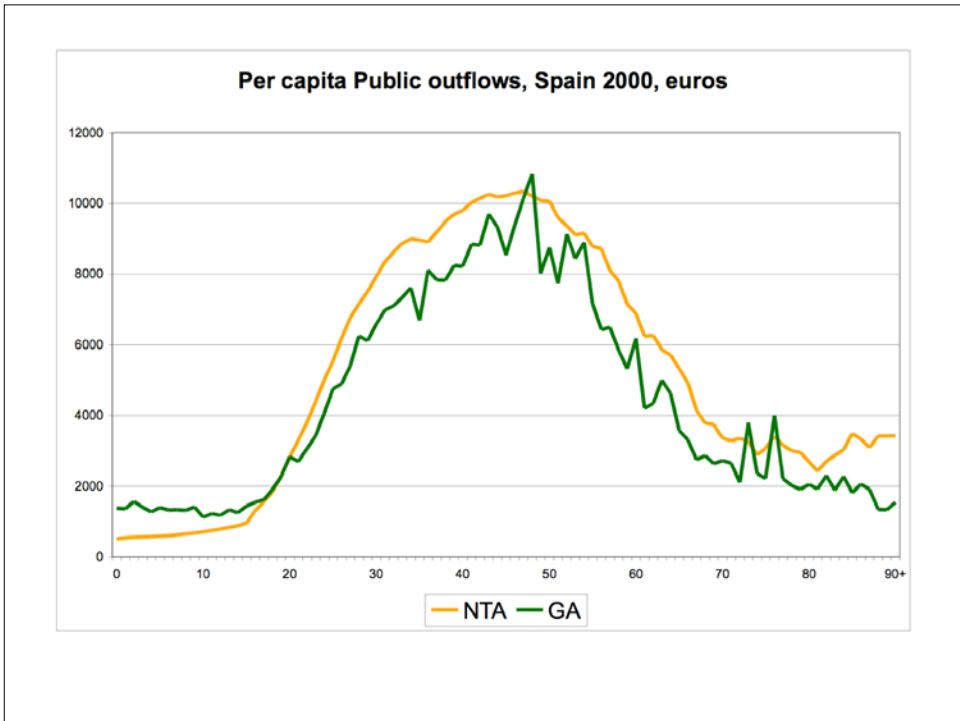
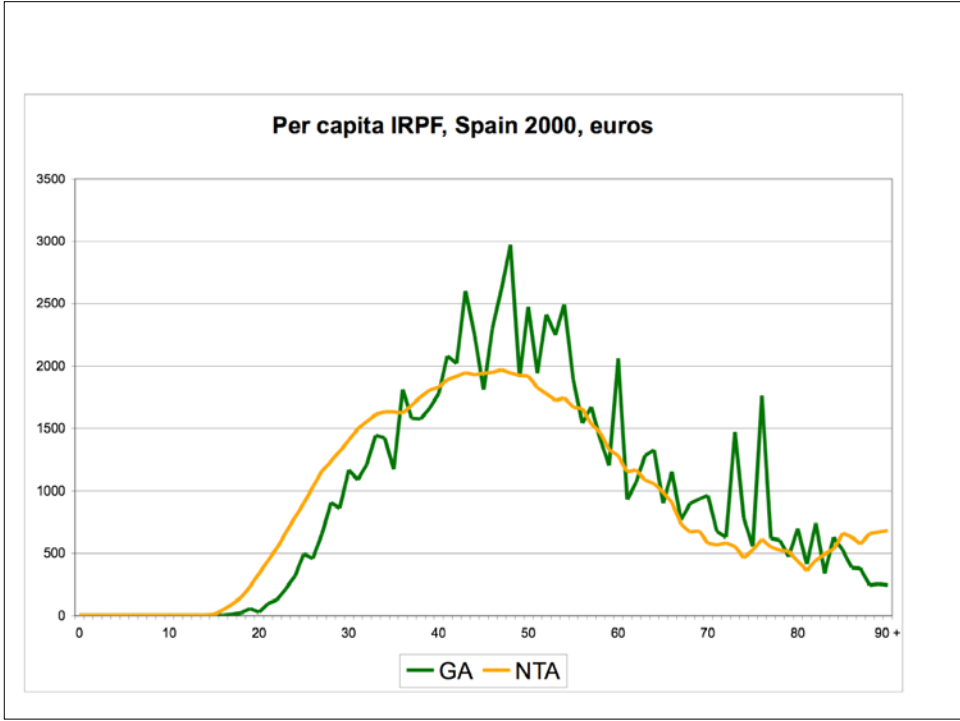
Labor Income Profile

It is included imputed social contributions



IRPF (Personal Income Tax)

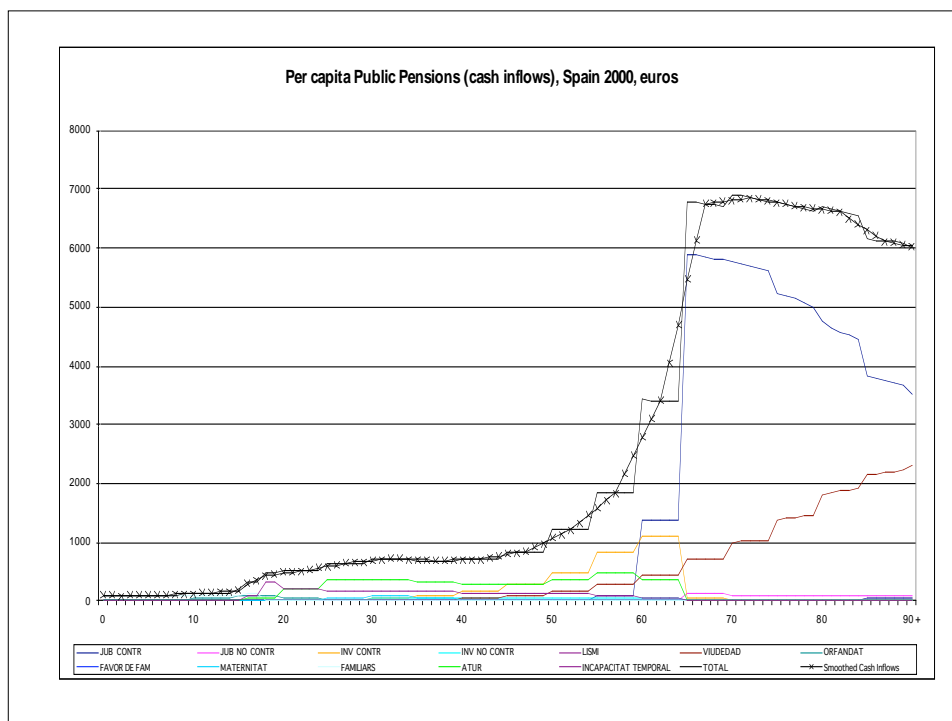
- GA: Applied different taxes for different levels of total income declared by the individual
- NTA: Applied different profiles
 - 0.8% among labor income profile (individual)
 - 0.2% among asset income profile (household head)



Cash Inflows

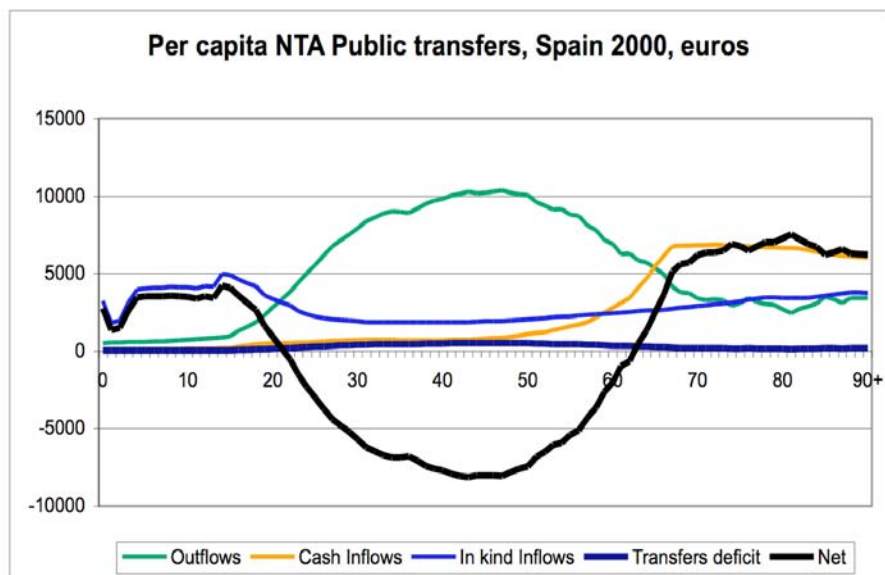
Social Security Transfers (called Pensions in Spain)

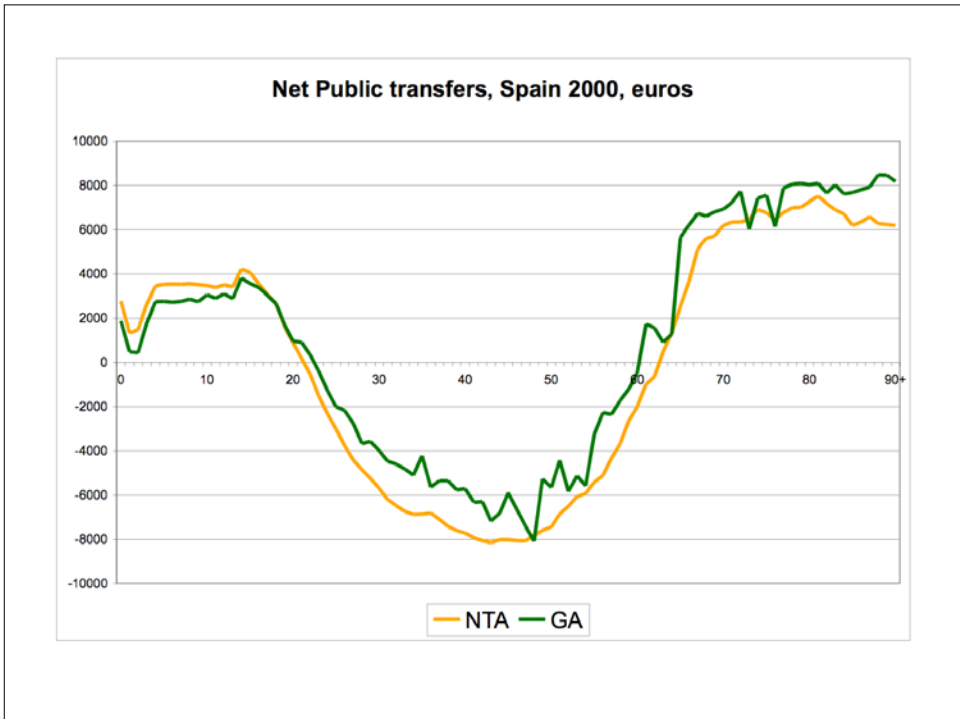
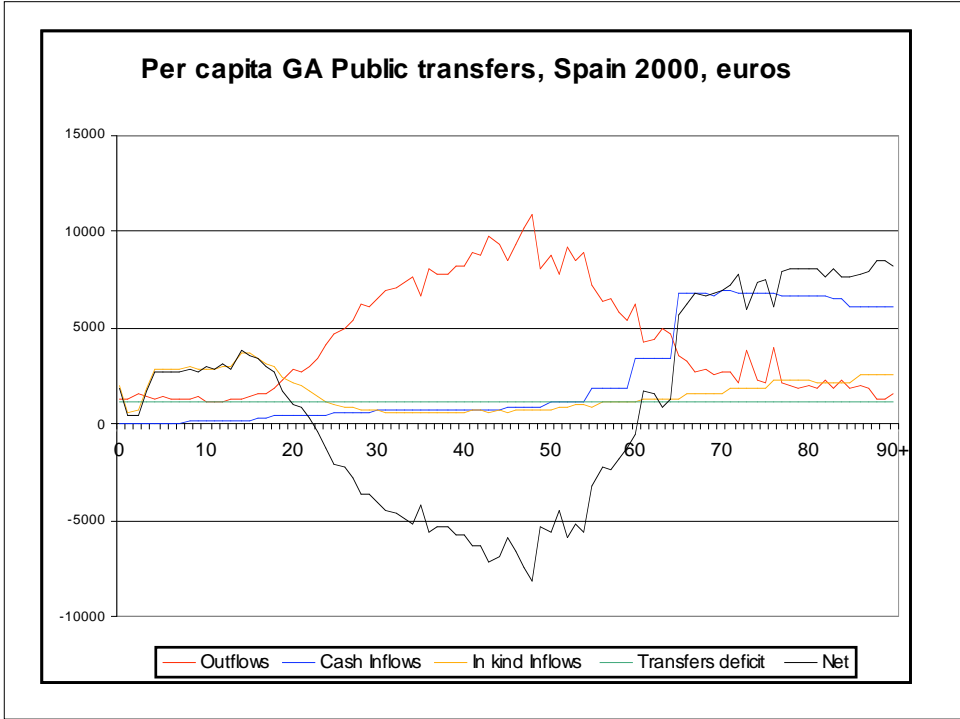
- Retirement pensions (for taxpayers and non-taxpayers)
- Disability (for taxpayers and non-taxpayers)
- Unemployment
- LISMI (Old disability pensions which are disappearing)
- Orphans
- Widowhood
- Family transfers for child in charge (disabled child)
- Temporal disability (for illness)
- Maternity leave (GA – applied to newborn; NTA – I used Age-Specific Fertility Rates)
- Other family transfers

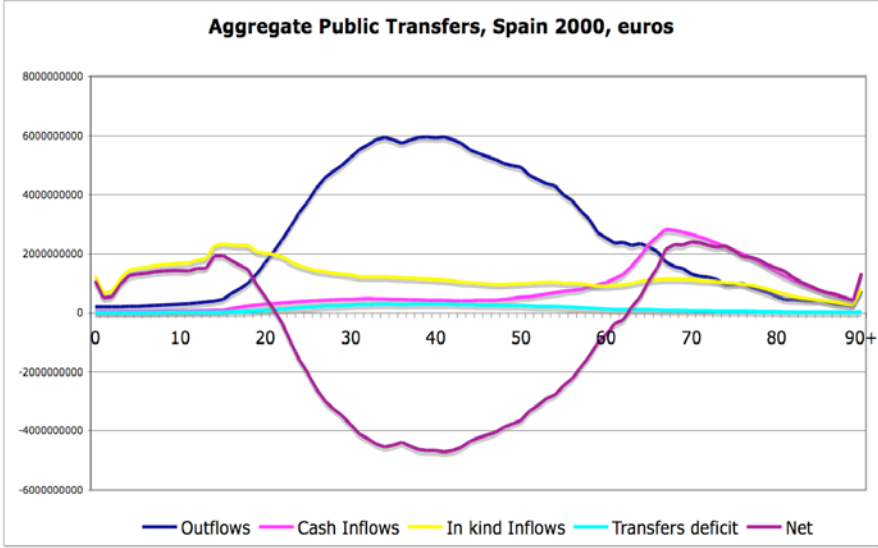


Balance

- GA
 - They don't include other public consumption as a separate profile. They end summing up other inflows and outflows in net other government consumption and revenue.
- NTA
 - Transfers deficit or surplus:
 - Public transfers Inflows - Outflows







Thanks!