Methodology to estimate European matrices of VAT, other taxes and subsidies on products

Topic: Supply, Use and IO Tables: Methodology and Comparability
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To simulate different tax schemes is a very relevant topic for some of the economic modellers that provide support to EU policy makers. For such purpose, the Joint Research Centre of the European Commission estimated detailed tables of taxes less subsidies on products with: non-deductible Value Added Tax, other taxes on products (such as alcohol/tobacco excise duties, import duties, …) and other subsidies on products, separately. The estimation is initially made for each layer separately by means of actual tax rates and exemptions determined by the corresponding tax regulations, which are ultimately benchmarked with the total official figures published by National Statistical Institutions. Moreover, the overall sum of estimated taxes less subsidies on products must also be consistent with the SUT framework and the (sometimes revised) official figures from National Accounts. This approach has been applied to all Member States of the EU for one single year 2007 as a test case. The comparison of our results with the full set of official tables available for Austria and Belgium will also provide insightful information on the relative reliability of the final estimates.