

Analysing the Tax Burden of Households by Regions During the Crisis of 2009

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The fiscal system influences income distribution and the well-being of households, because taxes decrease disposable income and consequently depress households consumption. The crisis started in 2008, was coincident with the needs of countries to preserve the net borrowing, not allowing to realise an anti-cyclical fiscal policy in order to support the economic growth and the households well-being. However during the crisis the Italy adopted some measures to offset the effects of the crisis. A measure in fiscal policy can affect the household or the enterprises, depending on which type of taxes is involved. It is obvious that an increase in VAT has an effect on consumptions of households, while a deduction of corporate tax helps the enterprises. The analysis of tax burden of households in Italy cannot disregard the territorial profile: the tax burden is uneven among regions because they differ in terms of industry specialisation, features of the labour market, disposable income of households.

Estimating at a regional level the taxes paid by the households is not trivial. The main problem concerns the taxes collected by Central Government because of the place where the taxes are collected isn't linked to tax-base. In order to calculate the tax burden in each region, in this paper we decide to follow the territorial criteria of real taxable base: a tax collected by Central Government is attributed to the region where the economic action behind the revenue took place. To study the effect of household tax burden variation during the crisis, an useful information is to distinguish, for each regions, the tax burden according to economic functions (taxes on consumption, taxes on labour or taxes on capital). This allows to identify not only the structural differences between the regions but also where the crisis had a largest impact: this paper provides results for households among the Italian regions. It presents the main difference during the crisis and the change in tax ratio linked to Gross Domestic Product and Disposable household income.