1.	Record Nr.	UNINA9910788344203321
	Autore	Tervala Juha
	Titolo	Tax Reforms, “Free Lunches”, and “Cheap Lunches” in Open Economies / / Juha Tervala, Giovanni Ganelli
	Pubbl/distr/stampa	Washington, D.C. : , : International Monetary Fund, , 2008
	ISBN	1-4623-4368-6 1-4527-1376-6 1-4518-7085-X 9786612841781 1-282-84178-5
	Descrizione fisica	1 online resource (32 p.)
	Collana	IMF Working Papers IMF working paper ; ; WP/08/227
	Altri autori (Persone)	GanelliGiovanni
	Disciplina	336.2
	Soggetti	Taxation - Econometric models Public welfare - Econometric models Macroeconomics Public Finance Taxation Business Taxes and Subsidies Personal Income and Other Nonbusiness Taxes and Subsidies Taxation, Subsidies, and Revenue: General Macroeconomics: Consumption Saving Wealth Public finance & taxation Consumption taxes Income and capital gains taxes Revenue administration Consumption Tax collection Spendings tax Income tax Revenue Economics Tax administration and procedure United States

Lingua di pubblicazione	Inglese
Formato	Materiale a stampa
Livello bibliografico	Monografia
Note generali	Description based upon print version of record.
Nota di bibliografia	Includes bibliographical references.
Nota di contenuto	Contents; I. Introduction; II. The Model; A. Households; B. The Government; C. Firms; D. The Initial Steady State; III. Parameterization; IV. The Domestic and International Effects of a Cut in the Income Tax Rate; A. The Impact on the Domestic Economy; B. The International Effects; V. Consumption Tax Cuts; VI. A Revenue Neutral Tax Reform; VII. Sensitivity Analysis; VII. Conclusions; Appendix; References
Sommario/riassunto	This paper focuses on the macroeconomic and budgetary impact of tax reforms in a New Keynesian two-country model. Our results show that both income and consumption unilateral tax rate reductions do not constitute a "free lunch", in the sense that they have negative budgetary consequences for the country which implements them. In addition, the degree of self-financing implied by our model is in the 8½-24 percent range. Since the degree of self-financing estimated in previous literature was larger, we conclude that in our model not only the "lunch" is not "free", but is also not that "cheap". A comparison of alternative (income-tax versus consumption-tax based) fiscal stimulus packages shows that consumption tax cuts imply a larger short-run impact on domestic output but the income tax cuts stimulate the domestic economy more in the long run. We also look at the implications of a revenue-neutral tax reform in which consumption taxes are increased to compensate for lower income tax collection.