



# **COMPLETING AND UPDATING THE OECD TAX-BENEFIT QUESTIONNAIRE**

Methodology and Guidelines for Country Experts

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## 1.1. Context

Dear expert, please follow carefully these guidelines when updating the tax-benefit report and do not hesitate to get in touch with [Tax-Benefit.Models@oecd.org](mailto:Tax-Benefit.Models@oecd.org) if you have comments or questions.

One of the purposes of the country reports is to collect information that enables the OECD to update country-specific calculation models of tax liabilities and benefit entitlements for a broad range of family and labour market circumstances. Users can access the OECD cross-country tax-benefit model (“TaxBEN”) through a user-friendly [web interface](#).

The [methodological document](#) of the TaxBEN model provides useful background material for country experts who are updating the country reports. *We invite experts to read carefully Section 3 of the methodology*, which describes in details the assumptions underlying the calculations as well as the tax and benefit programmes that should be included in the country reports (please make sure that the country reports include all the relevant policies).

## 1.2. Formatting, terminology and level of detail

Please give **precise definitions** of terms such as “family”, “children”, “benefits”, “taxable income”, etc. That is, please be explicit regarding groups that are included and excluded from these definitions. Examples: “benefits can be received for children *aged below 18*”; “taxable income *excludes family benefits and housing benefits, but includes unemployment benefits*”; “social assistance benefits depend on family size, *a family is defined as the individual claiming the benefit plus the partner and any dependent children under 18*”.

**Comprehensive legal texts do NOT have to be reported** in the questionnaire: our interest is in the functioning of taxes and benefits, including any relevant interactions across different policy instruments. Where legal terminology leaves room for interpretation (e.g., “according to the claimant’s needs”, “as determined by law” or “benefit amount is determined by government”), please provide guidance on how to interpret and apply these rules *in practice*.

Please place additional or extensively detailed information into Annexes as appropriate, e.g. for **large tables** or complex calculations covering several pages. If data shown in tables are calculated using **formulae** then please provide us with these underlying formulae so that these data can be replicated into our calculation models.

Please **do not alter the existing numbering of sections**. If you add additional (sub-) sections, please **insert** these at the end of the relevant part, **after** existing (sub-) sections.

## 1.3. Reference date for the policy rules

Please describe only the rules that apply on the **reference policy date**. The reference policy date is **1 January** for most countries. For countries where the tax year for individuals begins on a different date, the reference date should be the first day of the new tax year, i.e. 1 April for New Zealand and 6 April for the United Kingdom. To facilitate the updating process, the report of the previous year is provided. Please update **all** the information as relevant and **delete** information that is outdated and no longer applies. Edits, updates and deletions should all be made in “**track changes**”.

If there is a **new benefit or tax programme** whose rules apply on the reference policy date and that is within the scope of the OECD tax-benefit database (Sections 1.4 to 1.6), please provide detailed information on this new programme directly in the report using the template available in **Box 1** below.

## 1.4. Relevant family circumstances

Please include legal rules that are relevant / applicable only for individuals of **working age** (from 18 years old until the statutory retirement age) and their dependent children. Please include information only for the following family types: single adults and married couples, both with and without dependent children (until the age of 18).

Unless otherwise specified, please do not include information on other family circumstances, e.g. households containing people not in the same nuclear family (e.g. multi-generational households including grandparents, parents and grandchildren, etc.); households where one or more members (either adults or children) have disabilities or a permanent reduced work capacity, e.g. because of a congenital disability or work accident.

For married couples, please specify whether behavioural requirements when claiming a benefit (e.g. “active” job search requirements) apply to both partners, or only to the individual who is claiming the benefit. For individual-based benefits, please also specify whether both members of the couple can claim these benefits *simultaneously*, and any ways in which the entitlement of one member of the couple affects the entitlements of the other.

### 1.5. Relevant labour market circumstances

For working adult members, please discard tax and benefit rules for self-employed workers, civil servants, employees with ‘atypical’ or short time contracts, individuals with disabilities. Please provide detailed tax and benefit rules that apply to **private-sector employees with a ‘standard’ open-ended employment contract and full work capacity**. For these employees, please provide information on whether tax and benefit amounts change as a function of the following items:

- Contractual **working hours**. Please provide information only for those who work part-time continuously during the year, i.e. those working *x* hours a day *for 5 days a week and 52 weeks* – please do not include rules that apply to those who work only part of the year);
- **Months/years of work in the current job** or the months of unemployment before taking up a new job, where this is relevant for the calculation of ‘into-work’ benefits – see section 1.8);

When tax-benefit rules vary depending on the **industrial sector**, please consider sectors B to N of the International Standard Industrial Classification of Economic Activities ([ISIC Rev. 4](#)).

### 1.6. Relevant incomes and consumption expenditures

Please only provide precise details for policy rules that are relevant for those families whose gross incomes consist *entirely* of earnings from employment and/or cash (or near-cash) benefits. Tax and benefit rules referring to other income sources, e.g. incomes from savings, assets, alimony for child support from a former spouse, and those related to stocks of wealth, should be excluded or described very briefly. In countries where these other income sources affect tax liabilities or benefit eligibility and entitlements, the OECD calculations assume that these incomes are either zero or of negligible amounts for the calculations of taxes and benefits.

Please provide only general information on benefit and tax rules that apply to particular expenditures, e.g. “itemized” tax deductions or tax credits for particular types of expenses including, e.g. health and commuting expenses or individual payments to private pension funds. These expenditures are assumed to be *zero or negligible* for the purpose of the calculations of taxes and benefits. The exception is for benefit and tax rules that apply to expenditure on housing rent and centre-based childcare (section 1.9).

### 1.7. Information on wage levels (Section 1 of the tax-benefit report)

Please provide information on the **statutory national minimum wage** in your country (if exists). Use the time period as specified in the national legislation (e.g. monthly, daily, hourly, etc.). If the minimum wage changes during the year, please, specify the value applicable on the reference date (section 1.3). Please describe how to calculate *annual* gross earnings for a person working full-time and full-year at the statutory minimum wage (e.g., the monthly rate times 12).

#### **Guidelines for OECD countries:**

Please note that the value of the **Average Wage does not have to be updated**: it will be filled in by the OECD using data from the [Centre for Tax Policy and Administration](#).

### **Guidelines for non-OECD countries:**

Please provide the amount of the **Average Wage**, following as close as possible the methodology described in the annex of the [Taxing Wages](#) publication (section “Defining gross wage earnings”).

## **1.8. Information on benefits (Sections 2 to 6 of the tax-benefit report)**

### ***1.8.1. Which benefits are within the scope of the OECD tax-benefit report?***

Please provide detailed information on the following benefits (**existing or newly introduced**):

- Unemployment insurance and unemployment assistance;
- Social assistance, including guaranteed minimum income benefits;
- Family benefits, including benefits and state guaranteed maintenance payments for lone parents.
- Housing benefits for private rental accommodations;<sup>1</sup>
- Employment-conditional (“in-work”) benefits;
- Regular bonus payments to support occasional or reasonable expenses (heating, buying Christmas presents, etc.);
- Temporary ‘into-work’ benefits designed to support jobless people who take up employment;
- Benefits for families with pre-school children that are conditional on using centre-based child care. These benefits can take the form of tax concessions (e.g. tax credits for childcare expenses), higher amounts of other benefit programmes, childcare allowances.
- Benefits that are conditional on NOT using formal centre-based care, e.g. “home care” and “child-raising” allowances.

Please provide only general information (and NOT detailed calculation rules) on any “in-kind” benefits *provided to the recipients of the above-listed benefits, e.g. free school books, subsidised transport, free health care, etc.*

In the continuous effort to increase the policy coverage of the OECD tax-benefit database, we welcome countries that provide additional and detailed information also on the following benefits:

- Sickness benefits, mandatory sick pay provided by employer and mandatory sick leave provisions;
- Short-time work compensation schemes;
- Maternity, paternity and parental leave benefits as well as birth grants.

The following benefits should **NOT** be described/reported:

- Old-age benefits and early-retirement benefits;
- Disability and occupational injury benefits;
- Severance pay, even where legally required of employers.
- Benefits to support purchases of particular goods and services (other than housing or childcare as described above), e.g. for purchase of domestic fuel, medical insurance or prescriptions;
- Adoption grants.

<sup>1</sup> Housing benefits can be provided through a separate ‘independent’ benefit programme, or through special rules concerning the treatment of housing costs in the calculation of other benefits, notably social assistance and family benefits, or taxes (e.g. tax reliefs for rent expenses). Please report full information for both cases. Please note: subsidies for the *construction* of housing, *purchases* of owner-occupied housing, subsidies for the interest payments on owner-occupied housing, and other similar payments should NOT be included.

### 1.8.2. Reporting information on benefit programmes

If amounts are daily or weekly, please indicate how **monthly values** can be calculated (e.g. if 20/21/30 days per month should be assumed).

If **benefit amounts or other provisions vary geographically** (this is often the case for social assistance, housing and childcare benefits), please include the following information (when feasible):

- **National “guidelines”** or “recommendations” that are the basis for regional rules.
- Policy rules that apply in selected **representative regions** (at least one, but no more than three). We are particularly interested in the capital region/city and the regions with the “least” and “most” generous benefit provisions. Please specify the selected region(s).

Please include precise details on the **means testing** or **income testing** of benefits as well as the treatment of income earned from **low-paid or part-time work**. Please always indicate:

- Whether **earned incomes or other benefits** are included in income definitions used to calculate means tested benefits. Please mention explicitly whether all the other benefits described in the report enter the means test or not of a selected benefit.
- Whether **taxes (including tax credits) and social security contributions** affect the income assessment of means tested benefits. The information provided should be able to answer questions like: Is the means test based on pre-tax or post-tax income? Is income from refundable tax credits included in the income definition for the purposes of the means test?
- If and how **partner’s earnings** are taken into account in the means test.

Please verify that relevant **phase-in** and **phase-out rates** as well as any related rules necessary to compute benefit entitlements are fully specified, e.g.:

- At what rate are income-dependent benefits reduced as incomes rise?
- Which types of incomes and how much are “disregarded” when assessing benefit amounts?

For the provision of information on **childcare-related costs and benefits** (Section 5 of the tax-benefit report), please read carefully these additional [guidelines](#).

Please clarify whether policy changes apply to **new claimants only** or also to the **stock of recipients**.

## 1.9. Information on social security contributions and income taxes (Sections 7 and 8 of the tax-benefit report)

### Guidelines for OECD countries

Experts are not asked to provide a complete update of Sections 7 and 8 because the OECD will fill in *part of* these sections using information provided by the [Centre for Tax Policy and Administration](#). However, we welcome experts who provide a **full update of Sections 7 and 8** as this will speed up the update of the TaxBEN model. Please let the OECD know if you are unable to provide a full update of Sections 7 and 8. Experts who do not provide a complete update should provide anyhow the following information:

- **Tax rules or special tax treatment of incomes from social benefits** (please describe any special tax treatment of incomes from unemployment, social assistance, family benefits, etc.),
- **Tax rules or special tax treatment related to the following characteristics of the taxpayers:**
  - ✓ Age (e.g. are there special tax treatments for older / younger individuals?)
  - ✓ Family composition (e.g. are there special tax rules for lone parents and inactive spouses?)
  - ✓ Working hours (e.g. are there tax reductions for part-time employees?),
  - ✓ Months of work in the current job (e.g. are there special tax treatments for jobseekers who take up employment?),

- ✓ Months of benefit receipt for those who are out of work (e.g. are benefit entitlements taxed at a special rate throughout the unemployment spell? Is this rate constant?),
- ✓ Age and number of children (e.g. are there special tax treatments for large families or parents of young children?).

Where specific tax allowances, deductions or credits relate to the receipt of a benefit programme described in the report (e.g. a **tax credit to cover childcare or rental housing costs**), these should be properly described. Please mention the existence of these rules in the appropriate benefit section (*i.e.* housing benefits and childcare benefits) and refer to the section describing the rule (e.g. “A *tax allowance covering childcare costs is available to parents of children aged 0-3, see section 7*”).

Please provide only general information regarding special tax treatments of **consumption expenditures** that are not related to the benefit programmes described in the report. Regarding these expenditures (if any), our methodology assumes that the amounts are zero or negligible when calculating tax liabilities. However, experts should provide full information on any special tax treatments of **childcare costs** and rental **housing costs**, as childcare and housing benefits are within the scope of the tax-benefit model.

For **tax credits**, please indicate if these are “non-refundable” or “refundable”.

Please describe whether any change in the tax rules applies only to new taxpayers, e.g. a cut in social security contribution that applies only to those who start a new job, or to the entire stock of taxpayers.

#### **Guidelines for non-OECD countries**

We kindly ask you to provide a **complete update** of Sections 7 and 8 following the same guidelines provided in **section 1.9** above.

#### **1.10. Contacts**

Please contact [Tax-Benefit.Models@oecd.org](mailto:Tax-Benefit.Models@oecd.org) if you have any questions related to the OECD tax-benefit questionnaire.

### **Box 1. Template to use when describing a new benefit programme**

The template is intended to support describing new benefit programmes; please adapt it as needed if you have to describe a new tax or social contribution measure that falls within the scope of the OECD tax-benefit model.

***Programme name*** (please insert programme name in national language)

#### ***Entitlement and eligibility conditions***

Please provide in this section the following information:

*Entitlement conditions:* refer to the characteristics that benefit claimants have to have to be entitled to the benefit. For instance, to be entitled to unemployment insurance benefits, claimants might require a minimum employment or contribution record.

*Eligibility conditions:* refer to a range of *behavioural* requirements that have to be met by those who satisfy the entitlement conditions outlined above. For instance, eligibility criteria for unemployment benefits often include ‘active job search’ and ‘availability for work’.

#### ***Benefit amounts***

Please provide here information on the amounts for different family types, income levels and labour market circumstances.

#### ***Benefit duration***

Please provide here information on the duration of the benefit. This section should include information also on waiting periods.

#### ***Means test***

Please provide here information on the income and asset tests (if any). Please provide the precise definition of the incomes included in the income test, clarifying especially whether the other benefits described in the country report are included in the income test.

#### ***Tax treatment***

This section should include information on the tax treatment of benefit incomes: is the amount of the benefit included in the tax base of the income tax? Is the amount deducted (or partially deducted) from the tax liabilities? Do benefit recipients or employers pay social security contributions on this benefit?

#### ***Interactions with other components of the tax-benefit system***

Please provide information on whether entitlement to the benefit affects the amount or entitlement to another benefit, e.g. because the income from the benefit enters the income test of another benefit, or because receipt of the benefit automatically gives entitlement to another benefit, or because receipt of the benefit is not compatible with another benefit described in the tax-benefit questionnaire. Please focus on the interactions between the benefit and other benefits and taxes described in the country report.

#### ***Combining benefit receipt and employment/starting a new job***

Please provide here information on whether benefit recipients can work and/or take up new employment. Is the benefit compatible (or partially compatible) with work activities? Are benefit payments suspended or terminated in case of incompatibility with work activities? Are there specific earnings levels or working hours beyond which the benefit is suspended / terminated? Are there special financial work incentives for benefit recipients who take up employment, e.g. earnings disregards in the income tests and/or tax concessions?