



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 this guidelines carefully when updating the tax-benefit questionnaire and do not hesitate to get in touch with the OECD tax-benefit team in case you have questions (contact details are at the end of this document).

The [methodological document](#) of the OECD Tax-Benefit model (“**TaxBEN**”) provides useful background material for those who are updating the tax-benefit questionnaire. The document describes the main modelling assumptions and illustrates how the policy rules collected through the tax-benefit questionnaire are used to calculate net in-work and out-of-work incomes on a comparable basis across countries.

1.2. Formatting, terminology and level of detail

Please give **precise definitions** of terms such as “family”, “children”, “benefits”, “taxable income”, etc. Examples: “benefits can be received for children *aged below 18*”; “taxable income *excludes family benefits and housing benefits but includes unemployment payments*”; “social assistance benefits depend on family size, *a family includes the individual claiming the benefit plus their partner and dependent children under 18*”.

The main purpose of the tax-benefit questionnaire is to collect information that enables the OECD to build calculation models that compute taxes and benefits for a range of family situations; the [OECD tax-benefit web calculator](#) is a good example of these calculation models. **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 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 put additional or 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 **keep the existing numbering of sections**. If you add additional (sub-) sections these can be **inserted** at the end of the relevant part, **after** existing (sub-) sections.

1.3. Reference time period

Please provide the policy rules as they applied to individuals and their families on the reference date. The reference date is **1 January**. For countries where the tax year 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, 6 April for the United Kingdom and 1 July for Australia. To facilitate the updating process, the questionnaire of the previous year is provided. Please update **all** information as relevant and **delete** information that is outdated and no longer applies. Edits, updates and deletions should be made in “**track changes**” mode.

1.4. Relevant family circumstances

Please include legal rules that are relevant / applicable only for people in **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 couples, both with and without dependent children (until the age of 17 included).

Unless otherwise specified, please discard 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 household members (either adults or children) have disabilities or reduced work capacity, e.g. because of a congenital disability or as a result of a work accident.

For couples, please specify whether behavioural requirements when claiming a benefit (e.g. “active” job search requirements) apply to both members of the couple or only the individual making the benefit claim. 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, illustrate tax and benefit rules related to **private sector employees** and describe whether these rules change/apply also depending on:

- The number of working hours;
- The months of work in the current job (or the months of unemployment/economic inactivity before taking up employment, as relevant);
- The type of contract (e.g. temporary or “atypical” employment contracts).

Please discard information particular to self-employed workers and public sector employees. When tax-benefit rules vary depending on the industrial sector, please consider individuals who are employed in sectors B to N (inclusive) of the International Standard Industrial Classification of All Economic Activities [ISIC Rev. 4 industry classification](#). Note that this classification broadly corresponds to sectors C to K inclusive in ISIC Rev. 3, which is still used in some countries.

1.6. Relevant gross incomes and consumption expenditures

Please illustrate precisely only policy rules that are relevant for those families whose gross incomes consist *entirely* of earnings from employment and/or cash (or near-cash) benefits. According to the OECD tax-benefit model methodology, other income sources, such as incomes from savings, assets, alimony for child support from a former spouse, and those related to stocks of wealth, are of negligible amounts for the calculation of taxes and benefits. As a result, please provide only general information on taxes and benefit provisions related to any other income source beyond earnings from employment and/or cash (or near-cash) benefits.

Similarly, please provide only general information on benefit and tax provisions 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. According to the OECD tax-benefit model methodology, these expenditures are assumed to be *zero or negligible* for the purpose of the calculations of taxes and benefits.

1.7. Information on wage levels (Section 1)

Guidelines for OECD countries

Please note that the value of the **Average Wage (AW)** **does not need to be updated**: it will be filled in by the OECD tax-benefit team using information from the [Centre for Tax Policy and Administration](#).

Guidelines for non-OECD countries

Since the [Centre for Tax Policy and Administration](#) does not provide information on the **Average Wage (AW)** for non-OECD countries, we kindly ask you to provide this information following as close as possible the methodology described in the annex of the OECD [Taxing Wages](#) publication (the section “Defining gross wage earnings”).

Guidelines for ALL countries

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

(i.e. on January 1). Please describe how to calculate *annual* gross earnings for a person working full-time full-year at the statutory minimum wage (e.g., the monthly rate times 12).

1.8. Information on benefits (Sections 2 to 6)

1.8.1. Which benefits are within the scope of the tax-benefit questionnaire?

Please provide detailed information on the following cash / near-cash benefits (existing or newly introduced):

- Unemployment insurance (i.e. contribution based) / assistance (i.e. non-contribution based);
- Social assistance and guaranteed minimum income benefits;
- Family benefits, including lone-parent benefits.
- Cash housing benefits for private rental accommodations;¹
- Employment-conditional (or “in-work”) benefits;
- Irregular bonus payments to support occasional or seasonable expenses (heating, buying Christmas presents, etc.);
- One-off lump-sum payments designed to support people taking up a job;
- Childcare benefits provided to families with pre-school children in centre-based day care
- Childcare 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 as we do not include this in our calculation models) on any “in-kind” benefit provided to the recipients of the above-listed benefits, e.g. free school meals, subsidised transport, free health care, etc.

Please note that the following benefits are outside the scope of the questionnaire and should **NOT** be described/reported:

- Old-age benefits and early-retirement benefits;
- Sickness, disability and occupational injury benefits;
- Payments made to those unemployed as a result of collective dismissal;
- 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*), such as price transport or purchase of domestic fuel, medical insurance or prescriptions.
- Adoption grants, birth grants, maternity and parental benefits.

1.8.2. Reporting information on benefit provisions

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

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

- General rules that capture the **average** for the country as a whole (when feasible).
- National “**guidelines**” or “**recommendations**” that are the basis for regional rules. Please indicate which.

¹ 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. Please report full information for both these 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.

- Policy rules that apply in “**typical**” regions (at least one, but no more than three), e.g. the capital and the regions with the “least” and “most” generous provisions. Please specify the selected region(s).

Please include sufficient 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:

- What **earned incomes or other benefits** are included in income definitions used to calculate means tested benefits.
- Which **taxes (including tax credits) and social security contributions** affect the income assessment (e.g. is the assessment 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 **childcare-related costs and benefits** (Section 5), these [guidelines](#) describe the information needed on childcare benefits and childcare fees (please read them carefully).

Please illustrate when new rules apply to **new claimants only** or also to the **stock of recipients**.

1.9. Information on Social Security Contributions (Section 7) and Income Taxes (Section 8)

Guidelines for OECD countries

We are not requesting a *complete* update of Sections 7 and 8 because *part* of these sections is filled in by the OECD tax-benefit team with 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 tax-benefit model. Experts who do not provide a complete update of Sections 7 and 8 should provide anyhow the following information:

- **Any tax regulations related to the receipt of social benefits** (e.g. describe any special tax treatment of incomes from unemployment, social assistance, housing, family and childcare benefits),
- Any tax regulation or special tax treatment related to the following **characteristics of the taxpayers**:
 - ✓ Age (e.g. are there special tax treatments for older / younger workers?)
 - ✓ Family composition (e.g. are there special tax treatments for lone parents or inactive spouses?)
 - ✓ Working hours (e.g. are there tax rebates for part-time workers?),
 - ✓ Months of work in the current job (e.g. are there special tax treatments for those who just started a new job?)
 - ✓ Month of benefit receipt for those who are out of work (e.g. is benefit income taxed at a special rate throughout the unemployment spell?)
 - ✓ 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 specific benefit (e.g. a **tax credit to cover childcare or 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) with a link to the tax section (Section 7) as necessary (e.g. “A tax allowance to cover childcare costs is available to parents of children aged 0-3, see Section 7 for details”).

Please provide only general information regarding any special tax treatments of **consumption expenditures** that are NOT related to the benefits within the scope of the OECD tax-benefit model as the model assumes that these expenditures are negligible amount when calculating tax liabilities. Experts should however provide full information on the special tax treatments of childcare costs and 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 when the rule above applies only to new taxpayers, e.g. a cut in social security contribution only for those who start a new job, or to the entire *stock* of taxpayers.

Guidelines for non-OECD countries

OECD and non-OECD countries should follow the same guidelines regarding the reported information on income tax and social contributions (**please refer to the section 1.9 above**). However, since the [Centre for Tax Policy and Administration](#) does not collect information on income tax and social security contributions for non-OECD countries, we kindly ask you to provide a **complete update** of Sections 7 and 8.

1.10. Contacts

Please contact the OECD tax-benefit team for further questions:

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