

DOCUMENTATIEBLAD

**La progressivité de l'impôt des personnes
physiques**

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Abstract

In this paper we compare various measures of tax progressivity and apply them to the personal income tax in Belgium. Section 1 summarises the methodological aspects of tax progressivity measurement and highlights the differences between indexes based on marginal tax rates and indexes based on the comparison between the distribution of income and the distribution of tax liabilities (SUITS and KAKWANI). Empirical results are presented and commented in Section 2 for the 1965-2000 period. Section 3 uses the decomposition of the KAKWANI index to identify the main components of tax progressivity. Apart from the progressive tax structure, the basic tax credit and tax credits for transfer incomes appear to be the main factors explaining progressivity. Tax credits for children reduce progressivity due to the distribution of the recipients on the income scale. Section 4 uses a micro-simulation model to compute the effect of the recent personal income tax reform on progressivity and redistribution. These recent changes increases progressivity, mainly due to the introduction of an earned income tax credit and the lower end of the income distribution. The lowering of the average tax rate has to opposite effect on redistribution and the final effect on redistribution is ambiguous.

KEYWORDS : *progressivité de l'impôt, redistribution, réformes fiscales*

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