

**INDIANA UNIVERSITY – BLOOMINGTON  
SCHOOL OF PUBLIC AND ENVIRONMENT AFFAIRS**

<b>Course Information</b>	<b>Contact information</b>
Course: SPEA F609 – <b>Seminar in Revenue Policy and Administration</b> Semester: Spring 2025 Class Times: MW; 12:45 – 2:00 Classroom: PV 275 Office Hours: <a href="#">Schedule a meeting</a>	Instructor: Denvil Duncan Office: SPEA 375F Phone: 1 - 812 - 855 - 7493 Email: <a href="mailto:duncande@indiana.edu">duncande@indiana.edu</a>

### **Course Overview**

This course gives students an immersive tour of government revenue systems. We begin with a brief summary of the revenue sources that are available to governments. Next, we cover revenue forecasting and estimation and their role in the budgetary process; the characteristics of a good tax system and how the administrative choices affect these characteristics; and the prevalence and impacts of tax expenditures. This is followed by a discussion of current important policy issues relevant to each of the major taxes. We conclude the course by exploring some of the key components of revenue administration including the structure of revenue departments, tax collection mechanisms and revenue distribution. While the course emphasizes taxes used by federal, state, and local governments in the United States, we will also discuss important taxes levied by other governments (particularly the value-added tax). We will also highlight some of the important design and administrative features practiced in other countries.

### **Course Objective**

The course explicitly seeks to develop the skills that are relevant to staff of tax departments, budget agencies, and policy research organizations so that you can be a productive contributor from your first day of work. This skill development is the purpose of the exercises and the project. More specifically, students are expected to be able to:

1. Identify and describe the major elements of tax administration
2. Forecast tax revenues and estimate the revenue impacts of tax policy
3. Explain what tax expenditures are and estimate their budgetary impacts
4. Explain the connections between tax administration choices and the characteristics of taxes
5. Comfortably discuss current as well as longstanding tax policy issues

### **Required Text and Additional Readings:**

There is no textbook. Readings are available on Canvas, from listed websites, or from the electronic journals collection of the library. Additional readings may be assigned throughout the semester as new materials appear or as topics on the current outline expand in importance. Not everything in the readings will be discussed in class and not everything discussed in class is covered in the readings.

### **Course Policies and Procedures**

#### Academic honesty

Students are expected to adhere to SPEA's standards on cheating and other academic behavior. These standards are clearly outlined at <http://bulletins.iu.edu/iu/spea/2017-2018/index.shtml>.

SPEA's policy dictates that "Academic dishonesty can result in a grade of F for the class (an F for academic dishonesty cannot be removed from the transcript). Significant violations of the Code can result in expulsion from the University." It is critical that you become familiar with these standards.

#### Withdrawals and incompletes

SPEA's policy on this matter will be enforced. Please see <http://bulletins.iu.edu/iu/spea/2017-2018/index.shtml>

#### Canvas

Canvas will be the primary channel of communication in this class. Students are advised to check Canvas regularly for any notifications, assignments, and additional readings.

**Counseling and Psychological Services.** CAPS has expanded their services. For information about the variety of services offered to students by CAPS visit:

<http://healthcenter.indiana.edu/counseling/index.shtml>.

#### **Sexual Misconduct and Title IX**

As your instructor, one of my responsibilities is to create a positive learning environment for all students. Title IX and IU's Sexual Misconduct Policy prohibit sexual misconduct in any form, including sexual harassment, sexual assault, stalking, and dating and domestic violence. If you have experienced sexual misconduct, or know someone who has, the University can help.

If you are seeking help and would like to speak to someone confidentially, you can make an appointment with:

- The Sexual Assault Crisis Services (SACS) at (812) 855-8900 (counseling services)
- Confidential Victim Advocates (CVA) at (812) 856-2469 (advocacy and advice services)
- IU Health Center at (812) 855-4011 (health and medical services)

It is also important that you know that Title IX and University policy require me to share any information brought to my attention about potential sexual misconduct, with the campus Deputy Title IX Coordinator or IU's Title IX Coordinator. In that event, those individuals will work to ensure that appropriate measures are taken and resources are made available. Protecting student privacy is of utmost concern, and information will only be shared with those that need to know to ensure the University can respond and assist.

I encourage you to visit [stopsexualviolence.iu.edu](http://stopsexualviolence.iu.edu) to learn more.

#### **Class Sessions**

You are expected to treat class as a professional event. This means attending each scheduled class, arriving on time, and arriving prepared. You are expected to participate in the class discussions in an informed and relevant manner.

#### **Grading and Evaluation**

Your final grade will be based on the following elements:

Assignments	50%
Presentation	10%
Analytical report	40%

### Assignments

You are assigned several exercises, cases, and problems to prepare for grading. The exercises are designed to develop the skills that tax policy and administration professionals use regularly. Some of the exercises are based on assigned readings and on materials presented in class, but most are accompanied by lengthy discussion materials that explain the exercise. You may choose to discuss these assignments with your colleagues, but you will submit individual work for evaluation. The exercises and necessary ancillary materials are posted on Canvas. Most will involve data analysis and many can be handled conveniently with Excel. However, you can use more sophisticated statistical software such as STATA or R.

Assignments must be typed using an appropriate software and must be **submitted online via Canvas**. You may submit any additional documentation (e.g., spread sheet with analysis) for assignments that require data analysis.

### Late Assignments

Each assignment has a due date and time. Each assignment will be opened between the first day of class and 2 hours after its due date/time. You may submit your assignment if you have access to it on canvas. Therefore, each assignment has a 2-hour grace period. Submissions outside the grace period will receive a grade of zero.

### Analytical Report and Presentation

The analytical report attempts to simulate work that fiscal staff in a budget agency, revenue department, legislative service agency, or research organization would be assigned. You will undertake an investigation whose product is a formal report and a presentation. Think of this as another opportunity for you to demonstrate your understanding of tax policy design and administration.

#### *Guidelines for the report:*

1. Several of the topics will require that you propose options for dealing with a problem. Some topics may require analysis of tax laws, others may require some use of quantitative analysis. What you do will depend on your topic.
2. The report should clearly explain the policy, the methods used to examine the policy, and the conclusions you have reached.
3. You will research the topic using academic studies, government documents, reports from independent research organizations, and data relevant to the topic at hand. You may source your academic studies from *National Tax Journal*, *International Tax and Public Finance*, *State Tax Notes*, *Tax Notes*, *Tax Notes International*, *Public Budgeting & Finance*, *Public Finance Review*, *AEJ: policy*, *Journal of Public Economics*, among others.
4. You should support your claims with more than theoretical arguments. Many of these topics have been studied extensively so there is plenty of empirical results to draw from. Keep in mind that policy analysis in the real world requires a lot of assumptions; this analytical report is no different. However, you are expected to justify your assumptions.
5. You should go to the source for any data you use, rather than working with data that has already been cleaned and analyzed by other analysts. If the data originate with the Internal Revenue

Service, then use data from the Internal Revenue Service source, not the product of some other researcher's manipulation of those data.

6. Many helpful materials are available on the internet but use extreme caution because such sources are of widely varying quality. Do not be misled by biased work prepared by narrow interest NGOs. NGO is not the same thing as unbiased. Indeed, most NGOs are both biased and unaccountable. Having “.org” at the end of the web address is not a guarantee of either quality or impartiality. So be extremely critical as you read such reports.

*Deliverables:*

1. **Report:** You will prepare a professional report on your investigation.
  - a. **Audience:** Your audience is a policymaker who is smart but knows almost nothing about taxes.
  - b. **Format:** Because the policymaker is very busy, she does not have the time to read an extensive report. Therefore, your report should include two parts:
    - i. An *illustrative executive summary*. **I will provide an example of what I want at the beginning of class.**
    - ii. *Full length report*
  - c. **Page limits:**
    - i. The illustrative summary should have no more than 10 pages (not including cover page).
    - ii. There is no page limit on the length of the **full report**; the policymaker will have a support staff dig through the report for clarifying information if required.
  - d. **Due dates:** The report is due at 10:00pm on **May 05, 2025** in electronic form (on canvas).
2. **Presentation:** You will give a formal presentation to the class in the last two weeks of class. Your presentation will not exceed **ten** minutes. The presentation will be in a form that would be appropriate for delivery to a legislative committee, an investigatory task force, or a budget agency.

**Grade/rubric:** Your report grade will be based on your executive summary and the extent to which your full report supports the executive summary. Things to consider:

1. How well does the executive summary address the prompt for the topic you selected?
2. How well does the full report support the executive summary?
3. How easy is it to find the supporting information in the full report?
4. Quality of writing, presentation of graphical information (tables/graphs etc), and formatting of references.

*Topics for report:* Below are some suggested topics for consideration. You may pick from this list or pick a topic of your own. Your topic must be approved by the instructor. Only one student per topic. You get a topic by being the first to select it.

1. **Marijuana Tax:** Design an Indiana excise tax for legalized recreational marijuana. You must define the rate structure and base, the remittance policy (who remits the tax, to which agency, and how frequently), and a compliance (audit and penalty) mechanism. You will estimate the net revenue (revenue and administrative costs) that Indiana could collect from the tax and describe how the revenues are to be used. You will also discuss how the choices you have made impact the characteristics (efficiency, equity adequacy etc) of the tax you have designed. You may inform your choices by referencing similar taxes in states that have legalized recreational marijuana, although you may choose some other structure if you believe it to be more appropriate for Indiana.
2. **Road mileage Tax:** The road mileage tax is viewed as a promising revenue mechanism to fill the gap in states' highway funds. Design a road mileage tax for the state of Indiana. Your report should provide a detailed account of how the fee would be administered, including but not limited to: rate structure, tax base (e.g., all miles, in-state miles, in-state and out-of-state miles, etc.), mileage collection technology, remittance policy, compliance (audit and penalty mechanism), and revenue estimation. Be sure to justify your choices and explain how your fee stacks up against the standard criteria for evaluation of tax policies.
3. **Carbon tax on motor vehicles:** Propose a carbon tax on motor vehicles. Your proposal must cover definition of tax base, tax rate, remittance policy, audit strategy and penalty. Write a report on the implications of adopting such a tax, with the Biden administration as your audience. In addition to detailing the design of your tax, the report must address the adequacy, fairness, and efficiency impacts of the policy.
4. **Estimate effect of tax policies on economic growth.** You will conduct an empirical analysis of the relationship between tax incentives and economic activity. For example, you might replicate the analysis in Gale (2015) and then extend the data to see if the results continue to replicate. Alternatively, you might evaluate other tax incentives: e.g., movie tax credits, property tax rebates and so on.
5. **Estimate tax buoyancy and elasticity for US States.** Collect data on personal income tax and sales tax and estimate the buoyancy of each tax. Does the presence of the income tax in a state affect the buoyancy of the sales tax? Pick one state and estimate the elasticity of both income and sales tax. Use your estimated elasticity to forecast revenue for the state you picked.
6. **Indiana public safety local income tax.** Local income tax data can be found [here](#). You will use these data analyze changes in Indiana Local Optional Income Tax (LOIT) over the period 2008 – 2023. What types of local income taxes are used and by which taxing units. How have usage changed over time and space. What are the tax rates? How is the LOIT revenue used? Of particular interest is the LOIT that is dedicated to public safety. Can you say whether adoption of the LOIT for public safety has had any material effect on public safety expenditure? What about the effect on public safety? What do taxing jurisdictions buy with the public safety fund? You can find data on expenditure by fund [here](#).
7. **Pick a topic and get it approved by the instructor.**

### Software requirements:

I strongly recommend that you take a refresher course in Microsoft office (especially excel and word). Modules are available here: <https://ittraining.iu.edu/>. You may complete analytical work with the statistical software of your choice. However, I am only proficient in Excel, STATA, and R. Because R is open source,

it is often favored by public/non-profit sectors. This implies that there is an advantage to using R, especially if you plan to work in the public/non-profit sectors.

### Useful links for this course:

*Association of Public Budgeting & Financial Management* ([www.abfm.org](http://www.abfm.org))

- This association brings together scholars and practitioners of public finance, both with an annual conference and in a peer-reviewed journal (*Public Budgeting & Finance*). They have an annual student paper competition that comes with a cash prize and support for attending their conference.

*Government Financial Officers Association*([www.gfoa.org](http://www.gfoa.org))

- This association is devoted to the networking and professional advancement of public finance specialists. They have student scholarships, internships, training, etc. They are also the main site where employers post jobs seeking applicants.

*National Federation of Municipal Analysts*([www.nfma.org](http://www.nfma.org))

- Association with the goals of promoting professionalism in municipal credit analysis and furthering the skill of its members through educational programs and industry communication, providing informed perspectives in the formulation of legal and regulatory matters relating to the municipal finance industry, and facilitating the flow of information between investors and issuing entities.
- Applicants for the Fugiel Scholarship receive complimentary membership.

*Tax Notes & State Tax Notes*([www.taxanalysts.com](http://www.taxanalysts.com))

- Weekly publications that share news from around the country and offer insights from various experts (particularly in law). They have a special series devoted to student written papers.
- Journals accessible through IU Libraries website

*Women in Public Finance* ([www.wpfc.com](http://www.wpfc.com))

- A professional networking organization that seeks to advance women's leadership opportunities.

*SPEA Public Finance Association*([pfa@indiana.edu](mailto:pfa@indiana.edu))

- Professional, educational, and social development for students interested in all aspects of municipal finance, both public and private sector. PFA provides a structure for interaction between students, the municipal finance community, business executives, and government officials.

### Other links

<https://www.irs.gov/statistics/soi-tax-stats-statistics-of-income>

[www.taxfoundation.org/blog](http://www.taxfoundation.org/blog)

<http://taxvox.taxpolicycenter.org>

[www.tax.com/taxcom/taxblog.nsf](http://www.tax.com/taxcom/taxblog.nsf)

<http://www.econtalk.org/>

<http://www.csg.org/policy/publications/bookofthestates.aspx> (Important state level data)

### Topics, Readings, and Due dates

Month	Week	Date	Lecture Topics	Homework
January	1	14	Introduction and regression	
January	1	16	Tax system design	
January	2	21	Forecasting/Estimation	
January	2	23	Forecasting/Estimation	
January	3	28	Forecasting/Estimation	
January	3	30	Dynamic Adequacy	HW1: Revenue Forecast
January	4	4	Dynamic Adequacy	
February	4	6	Efficiency - taxes and growth	
February	5	11	Efficiency - taxes and the environment	
February	5	13	Economic Incidence of taxes	HW2: Revenue Targets
February	6	18	Taxes: inequality and equity	
February	6	20	Taxes: inequality and equity	
February	7	25	Simplicity	
February	7	27	Tax Administration	HW3: Revenue Loss
January	8	4	Tax Administration	
February	8	6	Tax Administration	
March	9	11	Tax expenditure	
March	9	13	No Class - travel for conference	HW4: Indiana income tax
March	10	18	<b>Spring Break</b>	
March	10	20		
March	11	25	Tariffs	
March	11	27	Tariffs	
March	12	25	Income versus consumption	
March	12	27	Income versus consumption	HW5: Dynamic Adequacy
April	13	1	Wealth Taxation	
April	13	3	Wealth Taxation	HW6: Tax equity
April	14	8	Taxation in the digital economy	
April	14	10	Taxation in the digital economy	
April	15	15	Property taxation	
April	15	17	Property taxation	
April	16	22	<b>Presentations</b>	
April	16	24	<b>Presentations</b>	
April	17	29		
May	17	1		

**Notes:** Topics are tentative. The instructor reserves the right to change this syllabus as time and circumstances dictate. Necessary changes will be announced in class in advance when possible. Most of the exercises are accompanied by explanations and instructions that will explain the significance of the exercise to tax policy and administration and will guide you through your work on the exercise. You should not assume that the exercise will be discussed in class before it is due.

## TOPICS AND ASSIGNED READINGS

Many of the sections are prefaced with a chapter from John L. Mikesell, *Fiscal Administration*, Ninth Edition. This material is for background review only, in case you want a refresher before moving into the assignment. Reading materials are either posted on Canvas, are available from an entity website identified here, or are available through the IU Library electronic journals database. If no other sourcing is given for the document, it is posted on Canvas. New readings may be added throughout the semester. You will be notified of any additions to the reading list.

### 1 Tax systems:

- 1.1 Triggers
  - 1.1.1 Tax Base
  - 1.1.2 Tax rate
- 1.2 Incidence
  - 1.2.1 Statutory
  - 1.2.2 Remittance
- 1.3 Compliance
  - 1.3.1 Audit rules
  - 1.3.2 Penalty

#### Overview:

This section will provide students with a quick review of the tax systems approach to thinking about taxes.

#### Learning Objectives

1. Identify and describe the three components of the tax systems approach
2. Identify the main revenue sources used by governments in the US (Federal, State and Local)
3. Identify some of the main revenue sources used by governments across the world

#### Content Keywords

Tax trigger, tax base, statutory incidence, remittance incidence, compliance

#### Readings

\*Slemrod and Gillitzer 2013. Insights from a Tax-systems Perspective, *CESifo Economic Studies*, 60(1): 1–31

### 2 Forecasting and estimation

- 2.1 Forecasting (The Baseline)
- 2.2 Estimating (Scoring)
- 2.3 Using Microsimulation for Tax Estimating, Forecasting, and Analyzing

#### Overview:

This section will provide students with an immersive view of tax forecasting and estimation. Coverage begins with an explanation of the importance of forecasting for the budget process. Next, we study alternative forecasting strategies. This is followed by estimation strategies and the importance of estimation for the budgeting process. This section relies on multiple applications.

#### Learning Objectives

Students should be able to do the following things after completing this section of the course:

1. Identify and explain alternative forecasting and estimation methods
2. Forecast revenue baselines



### 3. Estimate the revenue impact of proposed tax policies

#### **Content Keywords**

Forecasting, estimation, microsimulation, score, dynamic score.

#### **Readings**

\*Donihue and Kitchen, “The Troika Process: Economic Models and Macroeconomic Policy in the USA”

#### Forecasting

\*Mikesell and Ross, “State Revenue Forecasts and Political Acceptance,” *Public Administration Review*, 74 (March / April 2014): 188 – 202 (IU Library electronic journals)

“Forecasting Techniques,” *The Economist Numbers Guide*, ch. 5.

#### Estimating (Scoring)

\*“Dynamic Revenue and Budget Estimation,” Chapter 5, *Economic Report of the President 2004*. [ [http://www.presidency.ucsb.edu/economic\\_reports/2004.pdf](http://www.presidency.ucsb.edu/economic_reports/2004.pdf) ] Starts on page 117 of *Report*.

\*Mikesell, “Revenue Estimation/Scoring by States: An Overview of Experience and Current Practices with Particular Attention to Dynamic Methods,” *Public Budgeting & Finance* 32 (Summer 2012): 1 – 24. (access via IU Library electronic journals)

Engen, Eric, Jane Gravelle and Kent Smetters, 1997. Dynamic Tax Models: Why they do the things they do, *National Tax Journal*, 50(3): 657-82.

Mauskopf, Eileen and Dave Reifschneider, 1997 Dynamic Scoring, Fiscal policy, and the Short-Run behavior of the macroeconomy, *National Tax Journal*, 50(3): 631-55.

#### Using Microsimulation for Tax Estimating, Forecasting, and Analyzing

Joint Committee on Taxation, *Summary of Economic Models and Estimating Practices of the Staff of the Joint Committee on Taxation*, September 19, 2011, JCX-46-11 [

<http://www.jct.gov/publications.html?func=startdown&id=4359>]

Peichl, Andreas, Tax-benefit microsimulation and EUROMOD

Rohaly, Carasso, and Saleem, “The Urban-Brookings Tax Policy Center Microsimulation Model: Documentation and Methodology for Version 0304”

USDA, *Understanding USDA Crop Forecasts*. [A really different forecasting approach.]

### **3 Standards and Principles of Tax Policy**

3.1 The Basic Principles (brief review)

3.2 Dynamic Adequacy

3.2.1 Buoyancy,

3.2.2 Elasticity,

3.2.3 Stability

3.3 Economic Efficiency:

3.3.1 Distortions

3.3.2 Taxes and Economic growth

3.4 Economic Incidence, Equity and Income Inequality

3.5 Complexity

### 3.5.1 [Compliance costs](#)

### 3.5.2 Tax evasion

## Overview

This section will give students an immersive tour of the characteristic of taxes including adequacy, economic incidence, efficiency, equity and complexity. We begin by describing measures of adequacy and explain the role these play for forecasting purposes. Next, we describe incidence and link it to equity and income inequality. In particular, we explore the question: what is the effect, if any, of tax policy on income inequality? This is followed by a discussion of the effect of tax policy on economic growth. Finally, we discuss complexity and its effect on compliance costs and tax evasion.

## Learning objectives

1. Students should be able to do the following things after completing this section of the course:
2. Describe each of the characteristics of good tax policy
3. Estimate alternative measures of dynamic adequacy and link them to forecasting
4. Estimate economic incidence
5. Explain the relationship between tax incidence, equity and income inequality
6. Explain the relationship between tax policy and economic growth
7. Identify the determinants of tax complexity
8. Explain the determinants of non-compliance
9. Describe the link between complexity, compliance costs and non-compliance

## Key content words

Tax elasticity, buoyancy, economic incidence, income inequality, fairness, compliance costs, non-compliance, tax evasion

## Readings

### Dynamic Adequacy: Buoyancy, Elasticity, and Stability

- \*Cornevin, A., Flores, J. C., & Angel, J. P. (2023). A Deep Dive into Tax Buoyancy: Comparing Estimation Techniques in a Large Heterogeneous Panel, IMF Working Papers, 2023(071), A001. Retrieved Dec 8, 2023, from <https://doi.org/10.5089/9798400238376.001.A001>
- Mikesell, "Revenues and Revenue Assignment" (Barents Group, 1998)
- Mansfield, "Elasticity and Buoyancy of a Tax System: A Method Applied to Paraguay," *IMF Staff Papers* (1972)

### Equity and Economic Incidence

- \*IMF Handbook, Krellov, "Concepts of Tax Incidence" and "General Equilibrium Incidence of Taxes."
- \*Poterba, James M. "Is the gasoline tax regressive?." *Distributional Effects of Environmental and Energy Policy*. Routledge, 2017. 31-50.
- \*Slemrod, Joel, 2008. Does It Matter Who Writes the Check to the Government? The Economics of Tax Remittance, *National Tax Journal* 61(2): 251-275

### Economic Efficiency: Distortions

- \*Creedy, John. "The elasticity of taxable income: a non-technical summary." *New Zealand Treasury* (2009).

- \*Oates and Schwab, “The Window Tax: A Case Study in Excess Burden,” *Journal of Economic Perspectives* 29(Winter 2015).
- \*Gravelle and Marples, “Tax Rates and Economic Growth,” Congressional Research Service, January 2, 2014. [<https://www.fas.org/sgp/crs/misc/R42111.pdf>]
- \*Gale, William, Aaron Krupkin, and Kim Rueben, 2015. The Relationship Between Taxes and Growth at the State Level: New Evidence, *National Tax Journal*, 68(4): 919–942

### Complexity

- \*Tran-Nam, Binh, Chris Evans, and Michael Walpole, 2000. Tax Compliance Costs: Research Methodology and Empirical Evidence from Australia, *National Tax Journal*, 53(2): 229–252
- Vaillancourt, François, Charles Lammam, Feixue Ren, and Marylène Roy, 2016. Measuring Personal Income Tax Complexity in Canada, *Fraser Institute*.
- Mikesell, John L., and Liucija Birskyte. "Lessons of tax compliance research for lawmakers and tax administrators: Getting best returns from limited resources." *Public financial management*. Routledge, 2006. 235-264.

### Evasion

- \*Slemrod, Joel, 2007. Cheating ourselves: The economics of Tax Evasion, *Journal of Economic Perspectives*, 21(1): 25–48
- \*Toder, Eric, 2007. What is the tax gap?, *Taxanalysts*, doc 2007-21597

### Evasion and inequality

- \*Johns, Andrew and Joel Slemrod, 2010. The distribution of income tax noncompliance, *National Tax Journal*, 63(3): 397-418
- Guyton, John, et al. *Tax evasion at the top of the income distribution: Theory and evidence*. No. w28542. National Bureau of Economic Research, 2021.
- Odd E Nygård, Joel Slemrod, Thor O Thoresen, Distributional Implications of Joint Tax Evasion, *The Economic Journal*, Volume 129, Issue 620, May 2019, Pages 1894–1923, <https://doi.org/10.1111/eoj.12619>
- \*Kopczuk, Wojciech, et al. "Does tax-collection invariance hold? Evasion and the pass-through of state diesel taxes." *American Economic Journal: Economic Policy* 8.2 (2016): 251-286.

## **4 Tax administration**

### **4.1 Structure of revenue department (IRS and State Dept. of Rev))**

- 4.1.1 By function
  - 4.1.1.1 *Tax registries*
  - 4.1.1.2 *Collection*
  - 4.1.1.3 *Big taxpayer unit*
  - 4.1.1.4 *Accounting*
  - 4.1.1.5 *Enforcement*
- 4.1.2 By tax
  - 4.1.2.1 *Income, sales, property, excise etc*
- 4.2 Tax collection
  - 4.2.1 Third-party information
  - 4.2.2 Withholding
    - 4.2.2.1 *Partial*
    - 4.2.2.2 *Exact*
  - 4.2.3 Pre-populated tax forms
  - 4.2.4 Reconciliation
  - 4.2.5 Remittance: Firms as tax collectors
  - 4.2.6 Tax service providers
  - 4.2.7 Property tax
    - 4.2.7.1 *Assessment*
    - 4.2.7.2 *Appeals*
    - 4.2.7.3 *Remittance (Frequency, Escrow accounts)*
- 4.3 Federal and State Cooperation
  - 4.3.1 Information sharing
  - 4.3.2 Training
  - 4.3.3 Revenue collection and distribution
    - 4.3.3.1 *State to local government*
- 4.4 Administration cost

### **Overview:**

This section will provide students with an immersive view of tax administration. Coverage begins with seemingly simple things such as the organizational structure of revenue departments. Next, we describe the practicalities of the tax collection process including the use of third-party information, withholding, reconciliation and the role of firms in the collection process. Special attention is given to the property tax given its unique features. This section also covers issues related to revenue allocation and the cooperation between the different levels of government. We conclude with a discussion of administrative costs; in particular, students will explore the relationship between administrative design and administrative costs.

### **Learning Objectives**

Students should be able to do the following things after completing this section of the course:

1. Describe the alternative ways of organizing revenue departments

2. Describe the tax collection process and explain how and why the collection process varies across tax types and across countries.
3. Describe the nature of the relationship between the various levels of government in the revenue collection process
4. Explain how administration design choices affect administration costs
5. Estimate administration costs

### **Content Keywords**

Tax administration, third-party reporting, withholding, reconciliation, assessment and appeals.

### **Readings**

Mikesell, "Chapter 12. Collecting Taxes," Fiscal Administration, 8<sup>th</sup> edition (this chapter is not in the 9<sup>th</sup> edition).

\*Mikesell. 1998. "Tax Administration: The Link Between Tax Law and Tax Collection," In *Handbook of Public Finance*, edited by Fred Thompson and Mark Green. Marcel Dekker.

\*Robinson and Slemrod, 2012. Understanding multidimensional tax systems, *International Tax and Public Finance*, 19(0): 237-267.

\*Tax Administration, 2017. Comparative Information on OECD and Other Advanced and Emerging Economies

\*Duncan and McLure, "Tax Administration in the United States of America: A Decentralized System," *Bulletin of the Bureau of International Fiscal Documentation*, February 1997.

### **Primarily section V**

Gale, William and Janet Holtblatt, 1997. On the possibility of a not-return tax, *National Tax Journal*, L(3):475-485

### **Interesting debate about IRS reform**

Rainey, H. and J. Thompson (2006), Leadership and the Transformation of a Major Institution: Charles Rossotti and the Internal Revenue Service', *Public Administration Review* 66: 596-604.

Mikesell, J. and L. Birskyte (2007), 'Another View of IRS Results: A Comment on Rainey and Thompson', *Public Administration Review* 67: 574-576.

Cyr, D. and G. Swanson (2007), 'Not Quite the Triumph They Describe: A Response to Rainey and Thompson', *Public Administration Review* 67, 576-578.

Rainey, H. and J. Thompson (2007), Response to Mikesell and Birskyte, and to Cyr and Swanson', *Public Administration Review* 67: 579-583.

## **5 Tax expenditure (1 lecture)**

- 5.1 An indirect mode of spending
- 5.2 Accounting for expenditures
- 5.3 Incentives

### **Overview**

This section will give students an immersive look at the tax expenditures. Questions addressed include: How are tax expenditures defined? What are the main types of tax expenditures? What, if any, are the effects of tax expenditures? How are tax expenditures reported since they are not formally part of the

appropriations process?

### Learning objectives

Students are expected to be able to do the following:

1. Define tax expenditures
2. Identify the main categories of tax expenditures
3. Discuss the impacts of tax expenditures on outcomes such as economic growth and tax revenues.
4. Explain how tax expenditures are reported

### Key words

Tax expenditures, normal tax baseline, reference tax law baseline, tax incentives

### Readings

#### Tax Expenditures and Incentives

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## **6 Policy applications (discuss important policy issues in each category; mix of student led discussions and lectures.)**

### 6.1 Tariffs

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### 6.2 Taxation in the digital economy

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- 6.3 Income v consumption taxation
- 6.4 Wealth taxation
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  - Splinter, David. *US Taxes Are Progressive: Comment on Progressive Wealth Taxation*. Working Paper. [http://www. davidsplinter. com/Splinter-TaxesAreProgressive. pdf](http://www.davidsplinter.com/Splinter-TaxesAreProgressive.pdf), 2019.
  - Piketty, Thomas, Emmanuel Saez, and Gabriel Zucman. "Rethinking capital and wealth taxation." *Paris School of Economics Working Paper* (2013).
  - Scheuer, Florian, and Joel Slemrod. "Taxing our wealth." *Journal of Economic Perspectives* 35, no. 1 (2021): 207-230.
- 6.5 Property taxes
  - 6.5.1 50-State Comparison from [Lincoln Institute](#)
  - 6.5.2 Property tax relief [plan 1](#), [plan 2](#), [plan 3](#)

## Overview.

This section is flexible and is meant to cover current policy issues for each of the major tax revenues. However, it is possible that one tax has multiple important issues so that one or more of the other taxes get reduced coverage.