



EUROMOD Workshop 2019- Roundtable

The use of administrative data in microsimulation models

Eirini Andriopoulou (Hellenic Council of Economic Advisors)

Emilio Di Meglio (European Commission, Eurostat)

Antoine Bozio (Institut des politiques publiques, France)

Maria Teresa Monteduro (Italian Ministry of Economy and Finance)

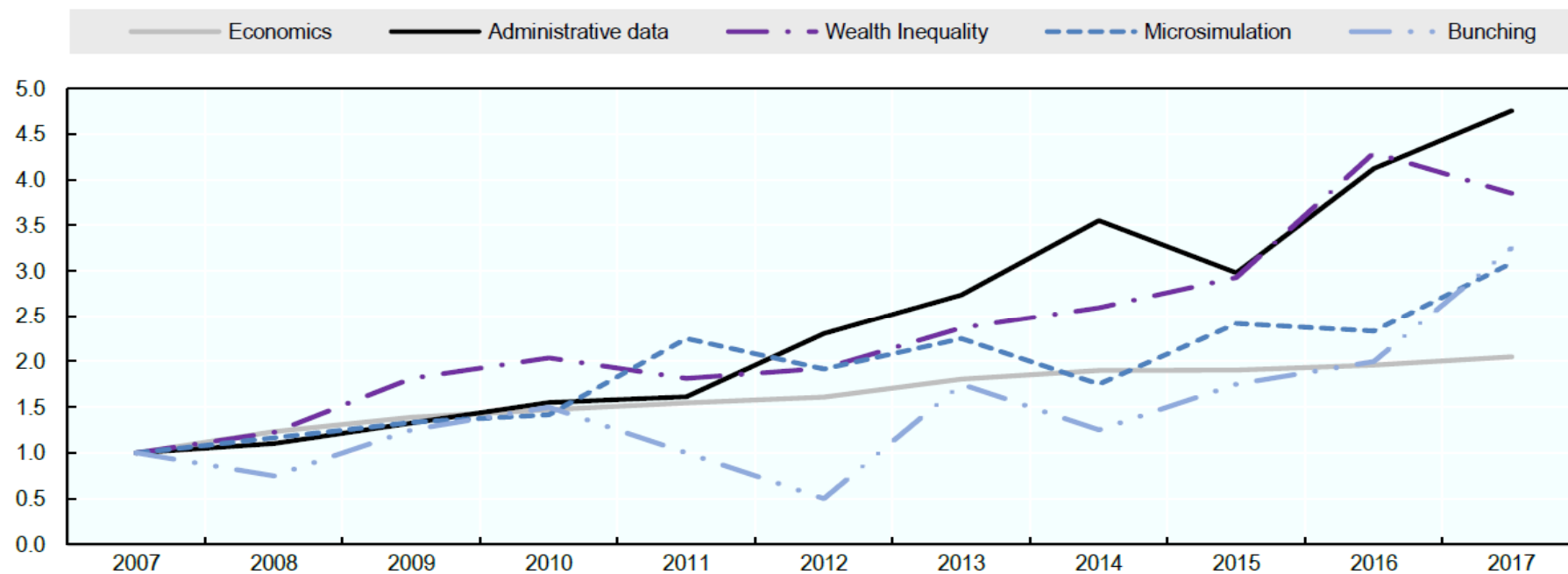
Moderator: Salvador Barrios (European Commission, JRC)





Figure 1.1. The rise of tax microdata in economic research

Number of articles, 2007 – 2017 (Indexed: 2007 = 1.0)



Note: Based on the following terms appearing in the title, keyword or abstract: 'administrative data', 'wealth inequality', 'microsimulation' and 'bunching' respectively. While these research areas use tax administration data, they also use survey and other data sources. In 2017, these terms had 233, 104, 37 and 13 articles respectively. Economics includes all articles with the term 'economics' in any field. Only articles in the field of 'Economics, Econometrics and Finance' are included.

Source: Kennedy (2019), "The potential of tax microdata for tax policy". OECD Taxation Working paper 45.





1. Your own experience with the use of administrative data





2. Way forward





Background material





The use of administrative data: Pros and Cons

| Pros | Cons |
|---|---|
| Cover entire populations rather than samples | Confidentiality issues |
| More reliable causal inference/identification of policy impact and field experiments | Contains little demographic/education/ work information |
| Reduce information asymmetries between researchers and practitioners/policy makers | May underrepresent the lower part of the population income distribution |
| Longitudinal data with tracking of taxpayers | Not exempt from reporting errors |
| The use of administrative data has never resulted in the improper disclosure of confidential information | Raw data may not be suited to address research questions |
| Better coverage of capital income and top income earners | Tax units or taxpayers rather than individuals or households |
| Adoption of new technologies by tax administrations to capture and process large volumes of data securely | Limited scope for international comparison |





Sources:

Almunia et al. (2019), "Expanding access to administrative data: the case of tax authorities in Finland and the UK", *International Tax and Public Finance* 26:661-676.

Card et al. (2010), "Expanding access to administrative data for research in the United States". <https://eml.berkeley.edu/~saez/card-chetty-feldstein-saezNSF10dataaccess.pdf>

Kleven, H.J. (2016), "Bunching", *Annual Review of Economics* 8:435-464.

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Slemrod, J. (2016). Caveats to the research use of tax-return administrative data. *National Tax Journal*, 69(4), 1003–1020.

