



Amina Ebrahim

# Evaluating TEs: The South African Experience



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# Outline

- SA-TIED programme & TE research
- Data access in SA: National Treasury Secure Data Lab
- Expanding data access: New research lab in Uganda

# SA-TIED programme overview 2017 – 2022

Research, policy bridging, and capacity building programme

Collaboration between international and national research institutes and national public policy offices

1. United Nations University World Institute for Development Economics Research (UNU-WIDER)
2. International Food Policy Research Institute (IFPRI)
3. The National Treasury of the Republic of South Africa (NT)
4. The European Union (Delegation to South Africa)
5. Various other ministries

# Tax research under SA-TIED

- 15 research papers
- Three main areas
  - Taxation and **economic efficiency**
    - E.g. Elasticity of taxable income
  - Taxation and **redistribution**
    - E.g. Redistribution using direct transfers instead of zero-rated VAT rates
  - Tax **administration**
    - E.g. work on tax gaps

# Other topics using tax data

- Labour
- Firms
- IFF

# Employment Tax Incentive, ETI

- South African youth unemployment approaching 50%
- Recent work from various other countries indicates lowering gross labour costs (achieved via e.g. payroll tax cuts) works in increasing employment
- South Africa introduced an employment subsidy programme in 2014 targeted to the employers of young workers, aged 18-29, and earning less than **R6,000 (~EUR340)** per month
  - One of the main policy tools used to combat youth unemployment

# Research question

- Has the youth wage subsidy increased the employment rate?
- What has been the effect of the subsidy on earnings?

# Our study (Ebrahim and Pirttilä 2022)

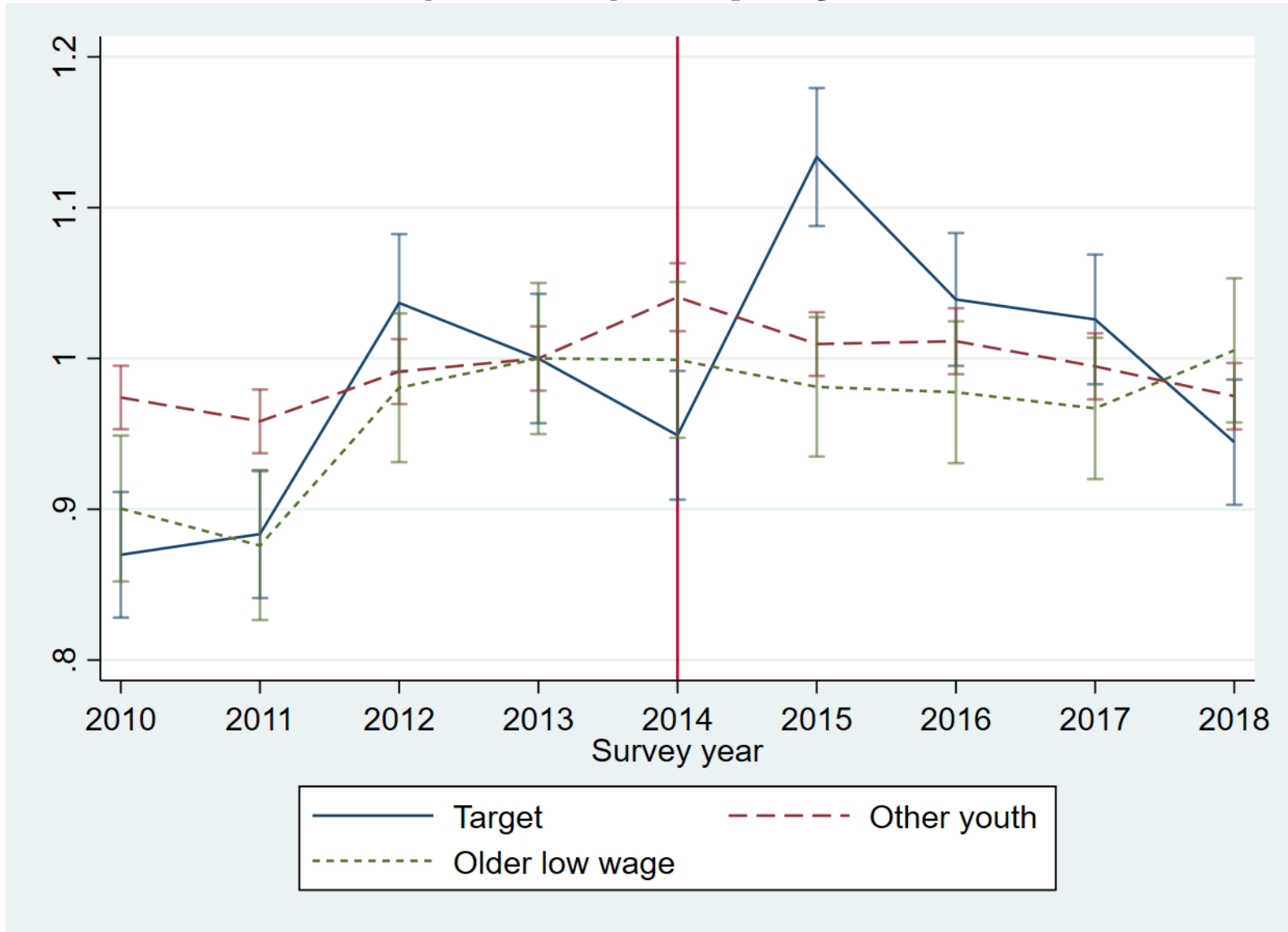
- Use both high-quality survey data (PALMS) the universe of payroll tax records from the tax administration
- Triple difference approach with two control groups
  - Older low-wage workers
  - Other young workers



# Main results

1. No impact on employment rate

# Private-sector (formal) employment rates

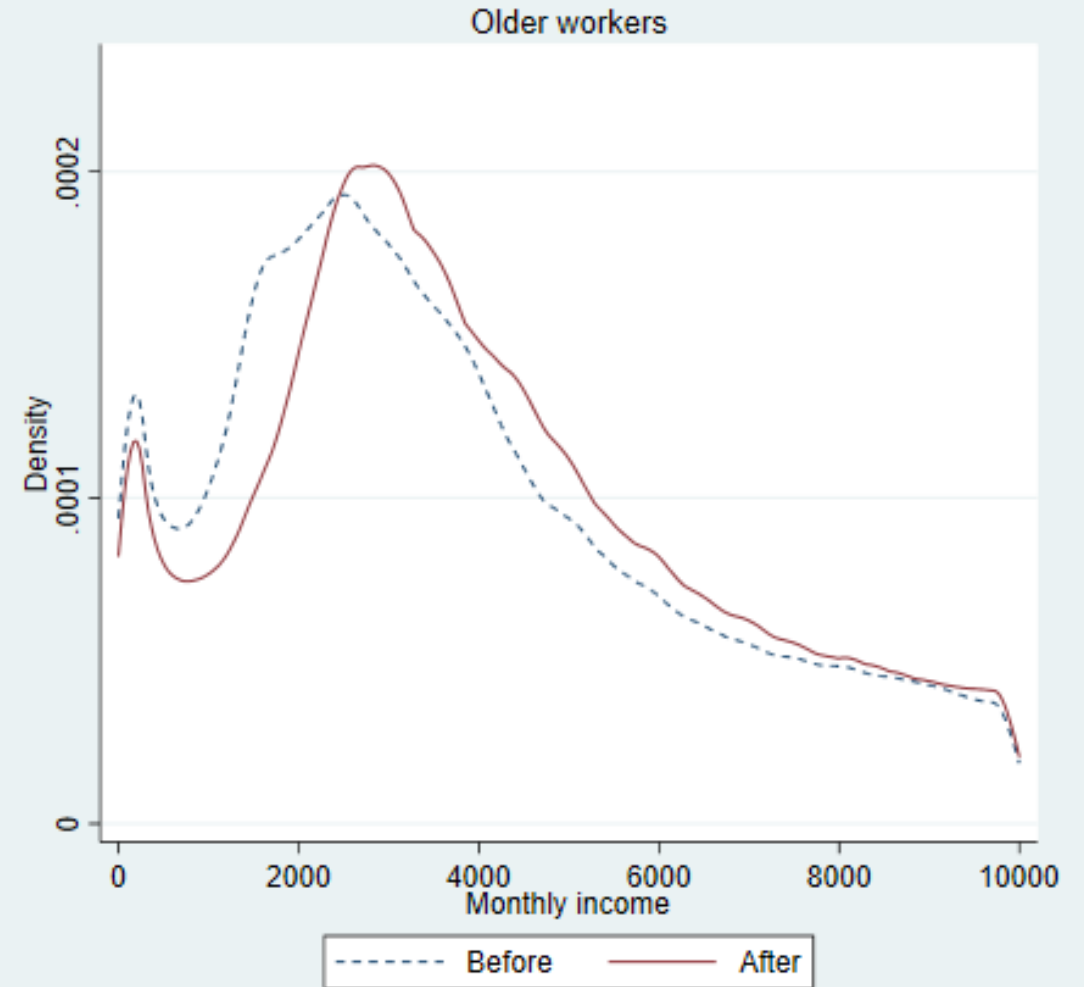
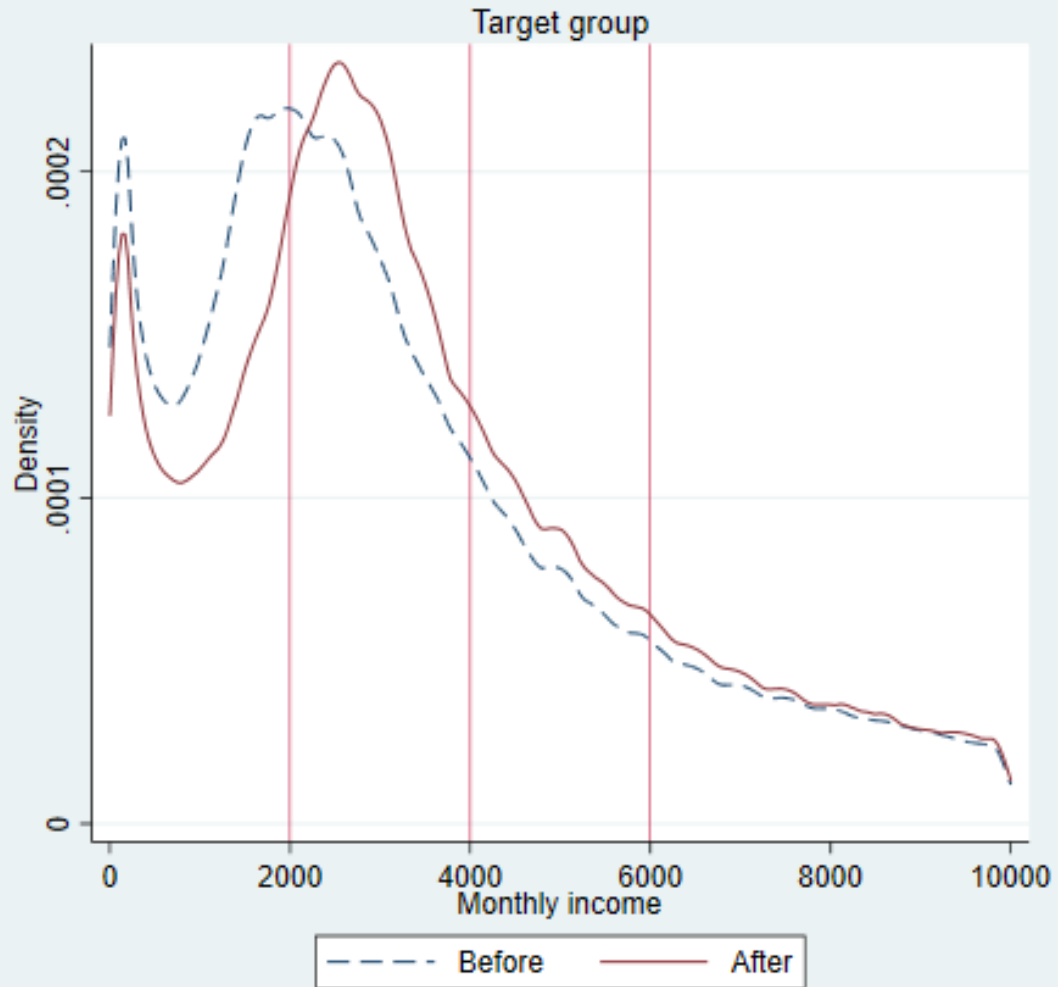


Source: PALMS 3.3

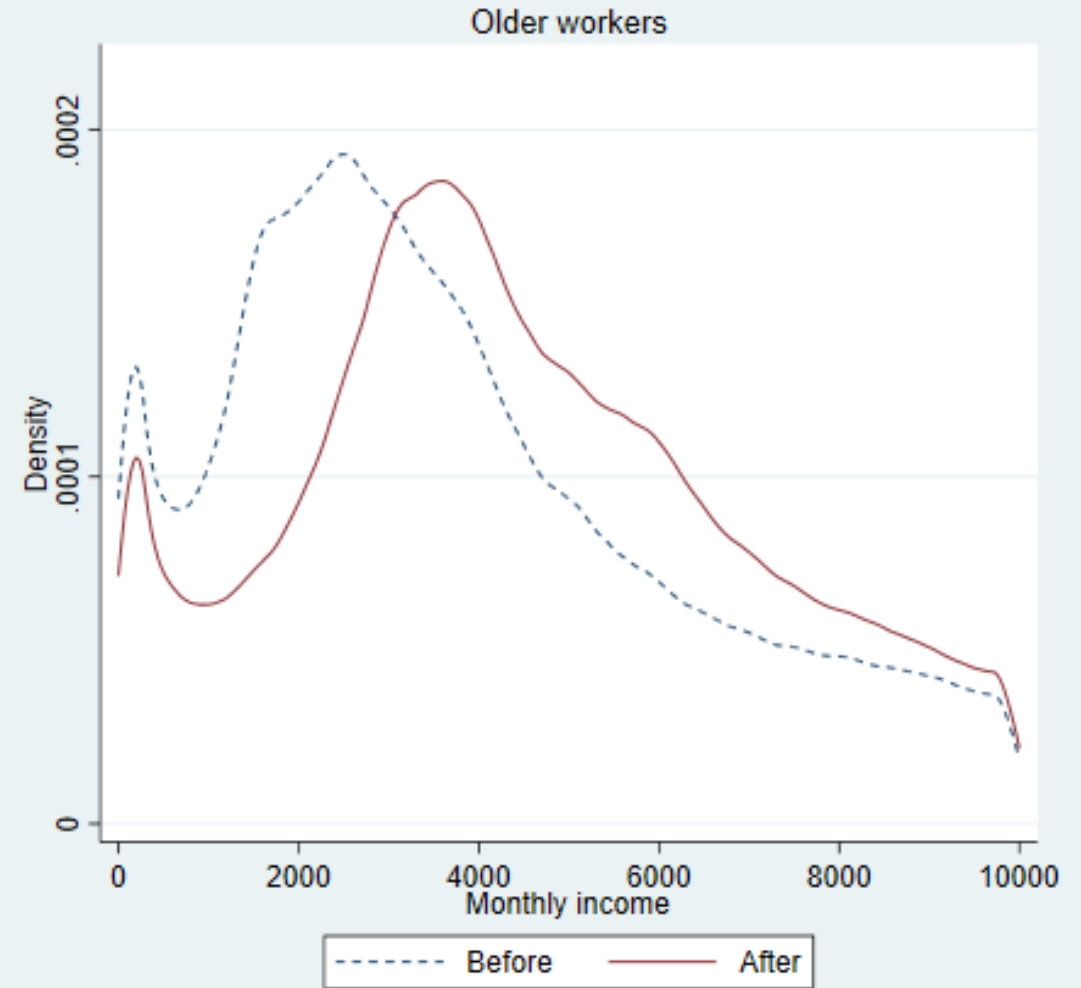
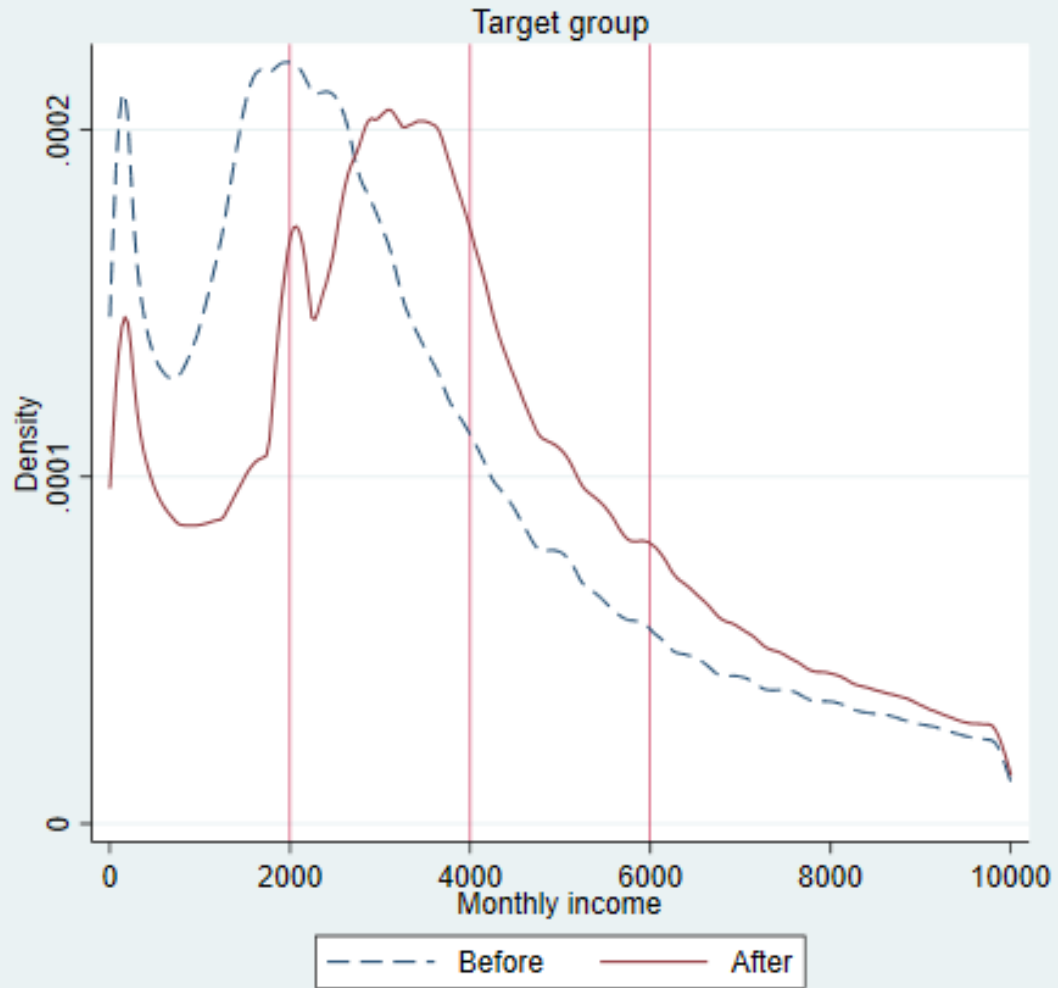
# Main results

1. No impact on employment rate
2. Some impact on earnings = > hence incidence partly on employees

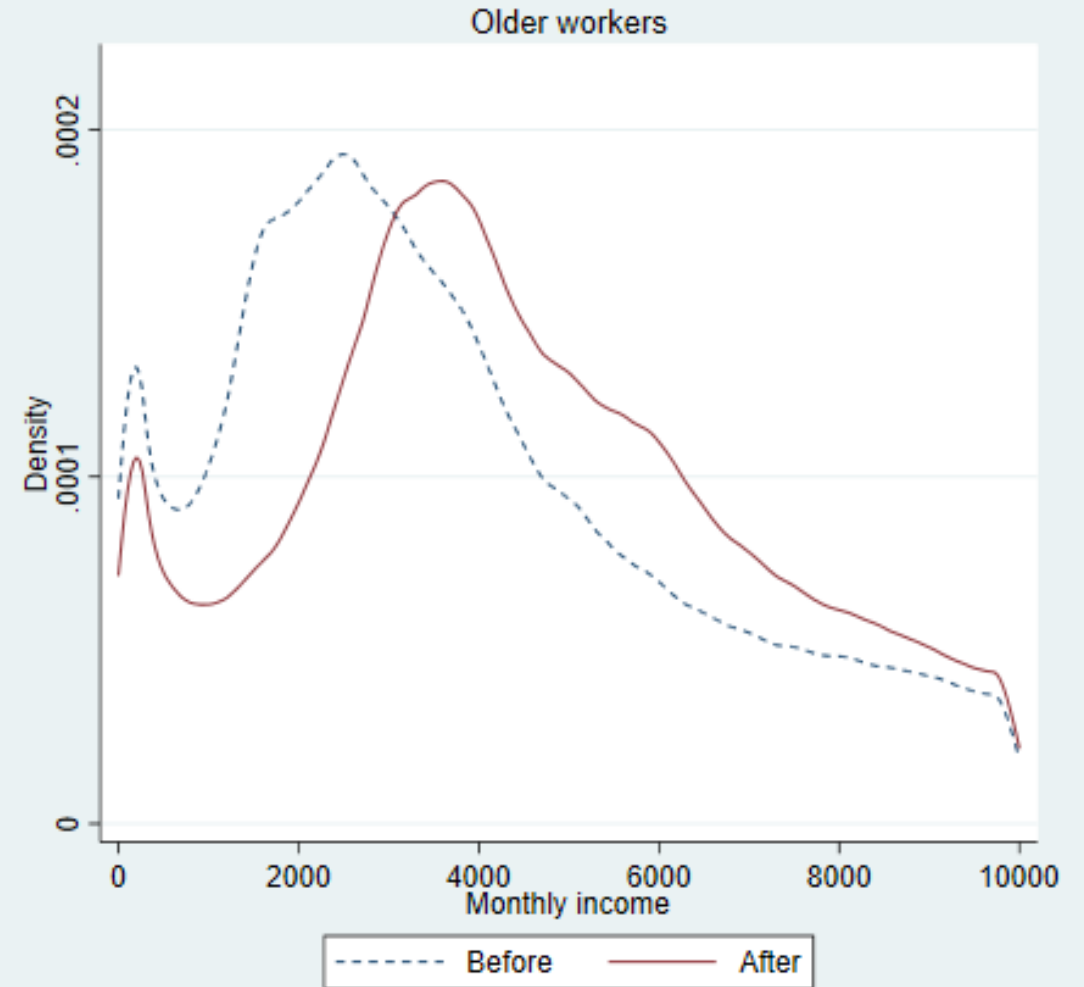
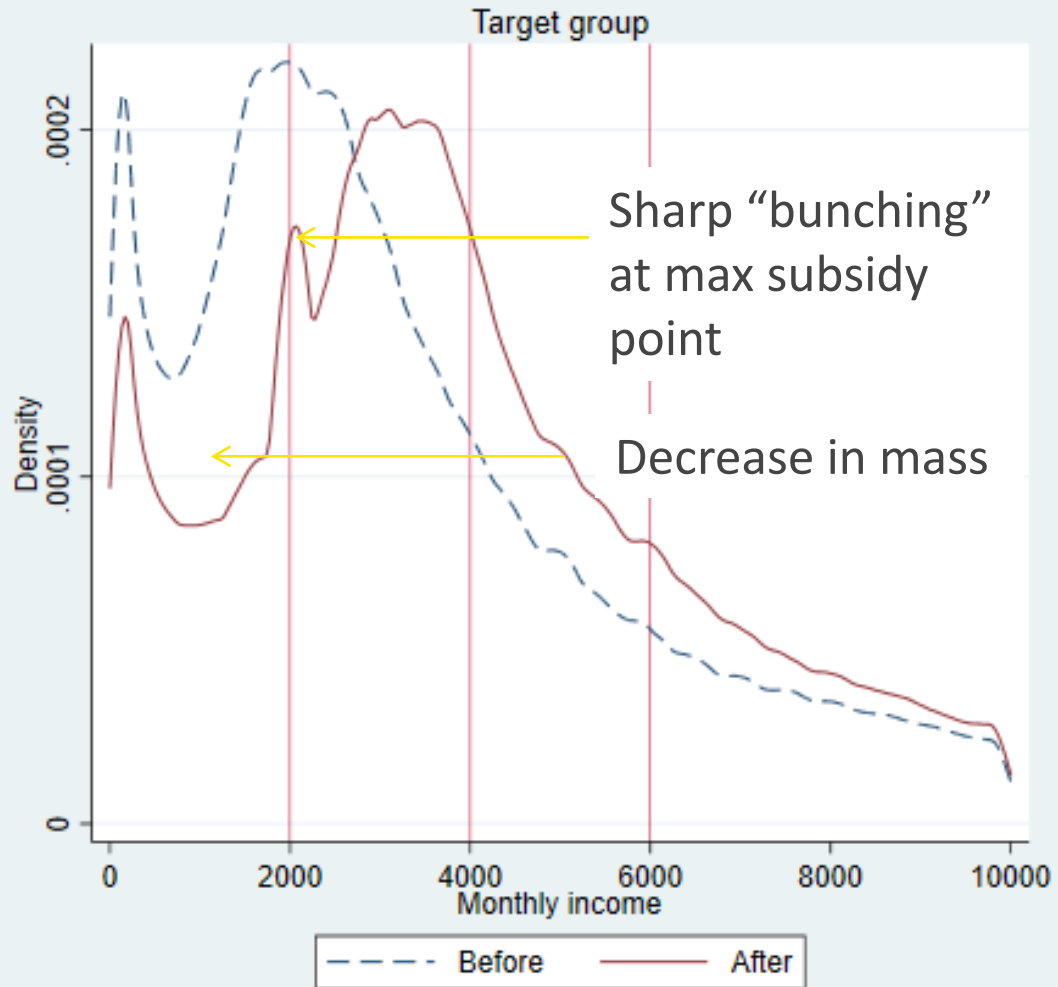
# Earnings Density (2015)



# Earnings Density (2018)



# Earnings Density (2018)



# Main results

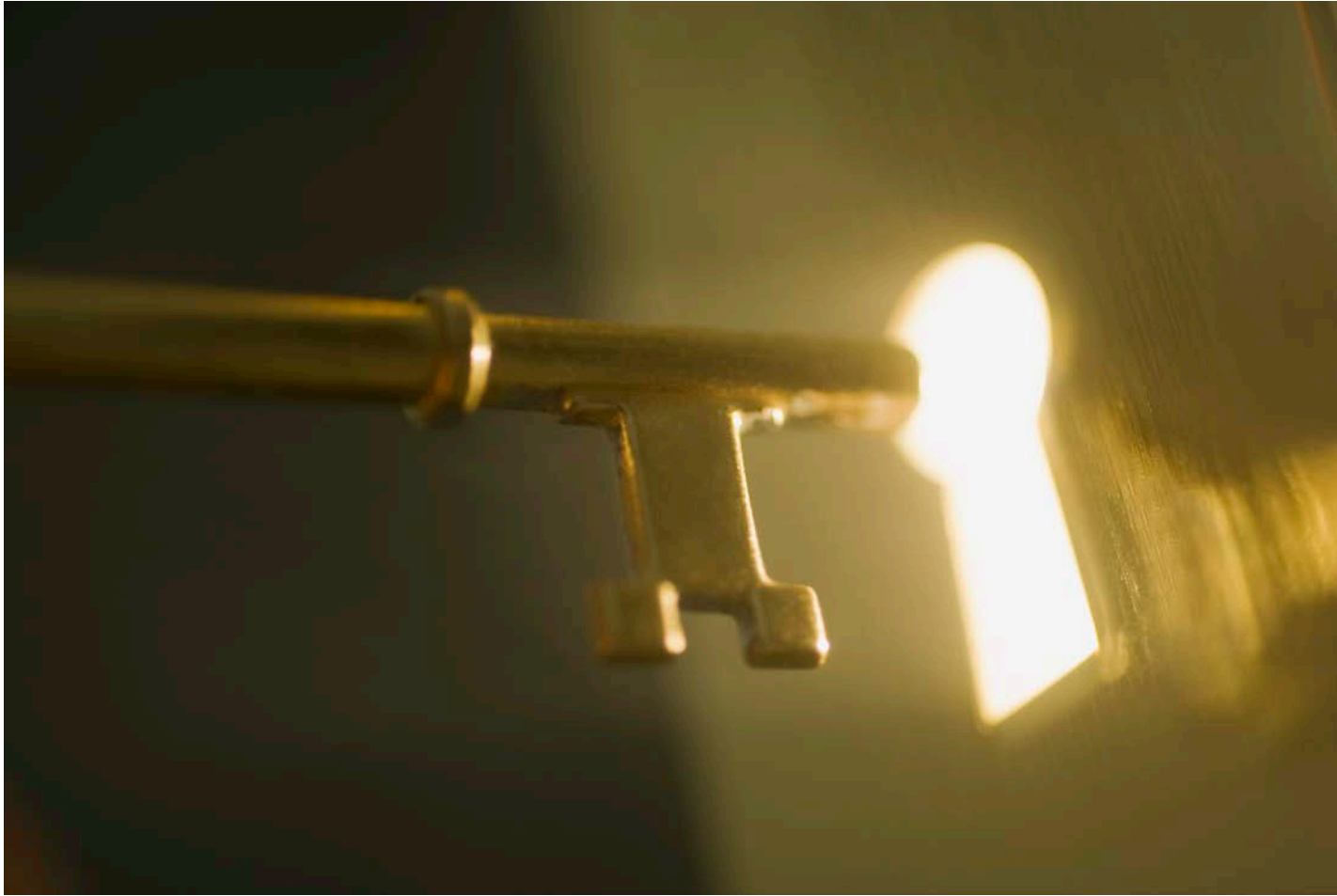
1. No impact on employment rate
2. Some impact on earnings = > hence incidence partly on employees
3. Small positive impact on the hiring rate and job tenure

# Conclusion

- The policy has not led to a systematic improvement in employment for the target population, which has been the main goal of the programme.
- Results do not match up with most recent findings in Saez et al (2018) and Cahuc et al (2018) – similar to the older literature.
  - Increase in wages reduces path way to employment effects
- Interesting to see whether the impacts differ during the pandemic
  - When more workers became eligible



# Data as the key to research



# NTSDF: Overview

- NTSDF : South African tax data available for research
  - CIT
  - PAYE
  - VAT
  - Customs
- Collaboration partnership : UNU-WIDER , National Treasury (NT) and South African Revenue Service (SARS)
- The facility is managed by UNU-WIDER, with support from NT
- 11 Terminals : 9 for researchers, no USB access | 2 for data team members

# NTSDF



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# NTSDF : The server

- No internet access
- Server has 2 main drivers set in Windows server
  - C drive
    - ❑ Hosts the operating system and some program files
  - D drive
    - ❑ Hosts data and applications that researchers use
    - ❑ Hosts shares for all the users (Admins and researchers)
- Generic usernames : EAdmin and Labuser account

# Research proposal evaluation

- Researchers submit the proposals
- Evaluation
  - Policy relevance of study
  - Novelty of the research question
  - Feasibility
- Add researchers to booking system

# Security Procedure

- Standard Non-Disclosure Agreement
- Access limitation 8am – 5pm
- Oath of Secrecy
- Access control and Surveillance

# Highlights: a dataset, a lab & an RFRP

## TECHNICAL NOTE

### The Uganda Revenue Authority firm panel

This technical note describes the Uganda Revenue Authority (URA) firm panel, which is constructed from administrative corporate income tax (CIT) returns and firm registration data for the financial years 2013/14–2019/20...

TAX DATA

CORPORATE INCOME TAX

UGANDA

Request for research proposals  
Analysis on firms and taxation using  
micro data from Uganda

**Uganda Revenue Authority** @URAuganda · May 21  
Quick facts about the newly launched #URAResearchLab

A thread!

The Lab is the result of collaboration between @URAuganda and @UNUWIDER aimed at informing tax policy and administration reforms.

**Introducing the URA Research Lab!**

The URA with support from the United Nations University World Institute of Development Economic Research (UNU-WIDER) have established a Secure Research Lab to avail tax data to individual researchers, academia, national and international agencies for research purposes in order to inform tax policy and administration reforms.

In partnership with  
UNITED NATIONS UNIVERSITY  
UNU-WIDER #URAResearchLab

Submission deadline: 27 June 2022, 23:59 UTC+3.



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[www.wider.unu.edu](http://www.wider.unu.edu)

Helsinki, Finland



### First 12 months

R0-R2,000	50% of income
R2,001 – R4,000	R1,000
R4,001 – R6,000	$R1,000 - 0.5 \times (\text{income} - 4000)$

### Next 12 months

R0-R2,000	25% of income
R2,001 – R4,000	R500
R4,001 – R6,000	$R500 - 0.25 \times (\text{income} - 4000)$

