

The EUROMOD platform: an introduction

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SOUTHMOD – simulating tax and benefit policies for development

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Tax-benefit microsimulation models

- Micro-data on households (and individuals), representative of the population
- Tax-benefit policy rules
- Calculations of benefit entitlements and tax liabilities
 - for each household
 - for the existing system and a policy reform
- Weighted results can be used to calculate
 - Distributional impact of changes
 - Budgetary cost of changes
 - Work incentive indicators
- Potential to link to behavioural/macroeconomic models
- Key data issues
 - Micro-data requirements
 - Policy scope driven by micro-data content



What is special about EUROMOD?

1. Many (EU-28) countries in a common framework
 - Cross country comparisons, EU-level analysis, “policy swaps”
2. Open access: “the most used microsimulation model in the world”
 - (Data access to managed separately)
3. Highly flexible and transparent
 - Easy to simulate major reforms to policy structures



What is special about EUROMOD?

- Purpose-built software
 - Tax-benefit modelling “language”
 - User-friendly interface (UI)
 - Regular updates and improvements
 - A “community” of users
- Short cut to non-EU model building (South Africa, Namibia, Serbia, Russia, Australia etc.)
- Long term support from European Commission (since 2009)
- 2016 is EUROMOD’s 20th birthday!



EUROMOD: ways it can be used

- Simulate actual, proposed or illustrative changes to tax-benefit rules
- Complex reforms (e.g. revenue-neutral packages, policy swaps)
- Economic changes and the effectiveness of existing policies
 - Automatic stabilising (aggregate) effects
 - Income stabilisation (micro) effects
- Expert users can
 - Link to labour supply or macro models
 - Extend policy scope (with additional data)

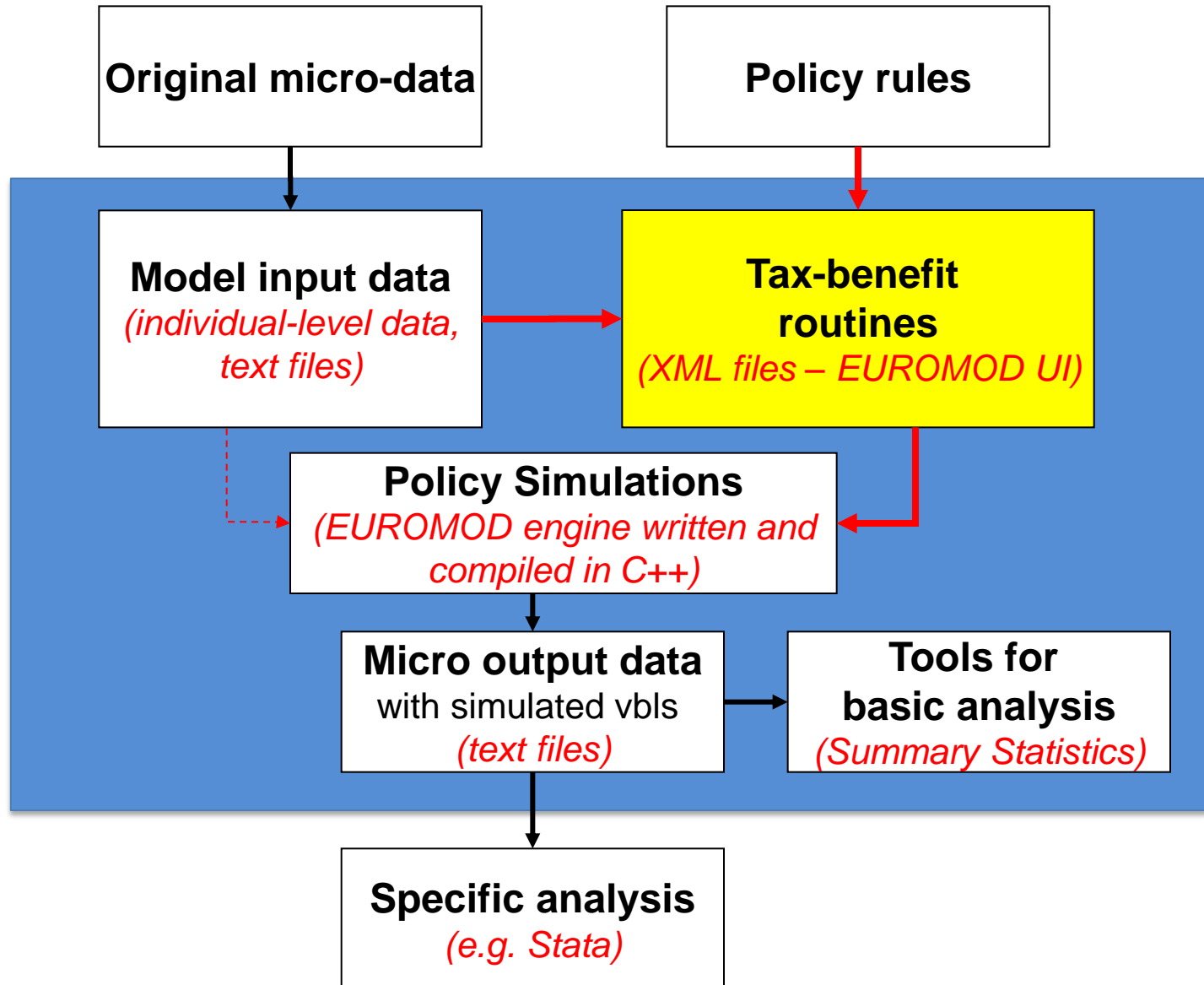


Narrowing the gap between academic research and policymaking

- EUROMOD is a tool for BOTH
 - Academic policy-relevant research and
 - Analysis of the effects of policies with direct relevance to policy-makers
- EUROMOD's flexibility and huge range of options is motivated by the varied needs of academic research
- Customised interfaces can be developed for particular policy needs
- Built-in tool producing basic statistics
- Training courses successfully involve both communities



EUROMOD: how does it work?



Access to EUROMOD

- EUROMOD for the EU-28 is freely available for non-commercial use
- Micro-data accessed through a separate procedure
- See www.euromod.ac.uk
 - Documentation: Country Reports, Working Papers etc.
 - Summary statistics
 - User resources
- EUROMOD software available for the construction of spin-off models via a licence from the University of Essex
- More detail about the procedure in this project on Friday
- Access to SOUTHMOD?



Thank you!

www.euromod.ac.uk
euromod@essex.ac.uk



Background reading

- Sutherland, H. and F. Figari (2013) “EUROMOD: the European Union tax-benefit microsimulation model” *International Journal of Microsimulation* 6(1) 4-26.
- Figari, F., A. Paulus and H. Sutherland (2014) “Microsimulation and Policy Analysis”, in Handbook of Income Distribution Volume 2, edited by A. B. Atkinson and F. Bourguignon, Elsevier.

