Glossary:Fiscal benefits

Statistics Explained

Social protection provided in the form of tax breaks that would be defined as social protection benefits if they were provided in cash, excluding tax breaks promoting the provision of social protection or promoting private insurance plans. A tax break is an advantage granted to fiscal units in the form of a total or partial reduction in the compulsory levies applied by general government. Tax breaks can take the form of a tax allowance, exemption, or deduction — which is subtracted from the tax base; of a reduced tax rate – which cuts the tax liability derived from the tax base; or of a tax credit — which is subtracted directly from the tax liability otherwise due by the beneficiary household or corporation. There are two forms of tax credit:

- Non-payable tax credits, also known as wastable or non-refundable tax credits, are limited in value to the value of the tax liability. As such, non-payable tax credits can only ever be granted to taxpayers with a non-zero tax liability.
- Payable tax credits, also known as non-wastable or refundable tax credits, are not limited and can exceed the value of any tax liability, including a liability of zero, and may therefore be granted to non-taxpayers. The amount of any payable tax credit that exceeds the tax liability is paid directly to the beneficiary in cash. In some cases, such credits may even be paid fully in cash.

Fiscal benefits in the form of payable tax credits are, included in full in the ESSPROS Core System while all other forms of fiscal benefit are excluded from the Core System and dealt with in the Net module (restricted approach), where they concur to the determination of net benefits accrued by the recipients of social protection benefits identified in the Core System.

Further information

European system of integrated social protection statistics — ESSPROS Manual and User guidelines. 2019 edition