Effects Of Income Tax Changes On Economic Growth

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Capital Income Taxation and Long Run Growth
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The Economics of Tax Policy
Effect of Federal Income Tax Changes on Canadian Families Who Are in the Bottom 20 Percent of Earners
The Effects of Income Tax Changes on Labour Supply
Transition to and Tax Rate Flexibility in a Cash-flow Type Tax
Your Public Service Pension Plan, the Effect of Federal Income Tax Changes
The Interesting History of Income Tax
The Fiscal State-Dependent Effects of Capital Income Tax Cuts

The Economic Impacts of Tax—Transfer Policy: Regional and Distributional Effects deals with evaluating proposed income-transfer policies through tax modeling. The book analyzes the direct and indirect effects of two variants of a negative income tax plan. These are the standard negative income tax and the Family Assistance Plan. By studying the indirect effects of income-maintenance programs on industries, occupations, and different regions, the authors point to understanding the effectiveness of alternative income-maintenance programs. Proposed changes in national taxes and transfer policies aim to achieve income redistribution. In their studies and models, the authors noted that the full impact of these tax policies throughout the income spectra covering different income classes, industries, occupations, and regions is different from that gathered from observations involving the direct effects of these schemes. The authors cite some policy implications resulting from their study, such as the redistributional impacts of direct tax-transfer scheme are not as efficient as expected and that increasing the demand for low-skilled workers and improving their job qualities is one way of improving income distribution. The text is valuable for economists and government policymakers in the finance and labor sectors, as well as for sociologists and political economists.
The Exchequer effect of the 50 per cent additional rate of income tax

The difficulty of making a transition from an income-type to a consumption-type tax is often cited as an obstacle to such a change in policy. The problem is the double taxation of 'old savings' or 'old capital.' A person who has accumulated wealth under an income tax will be hit with an extra tax on the consumption financed by that accumulation with a shift to a consumption tax. Such a transition effect raises issues of equity, political feasibility and efficiency. In the typical implementation of a consumption tax, the same sorts of transition phenomena associated with a shift from an income tax come from any change in the rate of tax. Introduction of a consumption tax is the same as raising the rate of consumption tax from zero to whatever positive rate is envisioned for the new system. Consequently, the problem of transition to a consumption tax generalizes to the problem of changing the rate of consumption tax. In this paper I consider the design of rules that render consumption taxes in the family of business cash-flow taxes immune to the incentive and incidence effects of changes in rate of tax. I show that two relatively simple approaches are available to deal with it: grandfathering the tax rate applicable to a given period's investment or substituting depreciation allowances for the usual expending of investment, coupled with a credit for the equivalent of interest on the undepreciated investment stock. A cost of this approach is its requirement to identify tru depreciation and, in the second case, the real rate of interest.

OECD Tax Policy Studies Fundamental Reform of Personal Income Tax

This paper examines the macroeconomic effects of tax changes during fiscal consolidations. We build a new narrative dataset of tax changes during fiscal consolidation years, containing detailed
information on the expected revenue impact, motivation, and announcement and implementation dates of nearly 2,500 tax measures across 10 OECD countries. We analyze the macroeconomic impact of tax changes, distinguishing between tax rate and tax base changes, and further separating between changes in personal income, corporate income, and value added tax. Our results suggest that base broadening during fiscal consolidations leads to smaller output and employment declines compared to rate hikes, even when distinguishing between tax types.

Handbook on Taxation

Expected Taxes and Household Consumption Behavior

"Debates about the optimal structure for tax policies and tax rates hardly cease among public, policy, or academic audiences. These have only grown more heated in the United States as the gap between incomes of the wealthiest 1 percent and the rest of the population continue to diverge. Tax research perhaps has not fully kept pace with the relentless demand of various interests to adjust tax policy. Nonetheless, specialists in the economics of tax policy in recent years have profited from advances in economic theory, econometric measurements, and data quality and access that are beginning to allow a greater consensus on what are the real effects of tax policy and how government levies affect individuals and businesses. The volume edited by Professors Auerbach and Smetters represents an attempt to reduce the lag between the conduct of research on tax issues and its transmission to a broader public. The contributions would explore highly topical issues such as the effects of income tax changes on economic growth, the potential effects of capping certain
tax expenditures, the economics of adjusted business tax policy, and environmental tax options. Other essays would investigate perennially important themes such as the conduct of tax administration, the growing role of the tax system on education policy, tax policy toward low-income families, capital gains and estate taxation, and tax policy for retirement savings. A final paper would examine three different options for fundamental tax reform

**Macroeconomic and Distributional Effects of Personal Income Tax Reforms**

**The Dynamic Effects of Personal and Corporate Income Tax Changes in the United States**

Report summarizing the likely effects of inflation on the personal income tax system with reference to adopted solutions taken by some OECD Member countries (Denmark, Canada, the Netherlands, Switzerland).

**Tax Policy and the Economy**

**The Economic Impacts of Tax—Transfer Policy**

**Income Tax Changes in an Efficiency Wage Model**
Impact of Tax Changes on Income Distribution

Economic Effects of Fundamental Tax Reform

Do Taxes Matter for Long-Run Growth? Harberger's Superneutrality Conjecture

How should capital income be taxed to achieve efficiency and equity? In this detailed study, tax policy analyst Jane Gravelle, brings together comprehensive estimates of effective tax rates on a wide variety of capital by type, industry, legal form, method of financing, and across time. These estimates are combined with a history and survey of issues regarding capital income taxation that are aimed especially at bringing the findings of economic theory and recent empirical research to nonspecialists and policymakers. Many of the topics treated have been the subject of policy debate and legislation over the last ten or fifteen years. Should capital income be taxed at all? And, if capital income is to be taxed, what is the best way to do it? Gravelle devotes two chapters to the first question, and then, in answer to the second question, covers a broad range of topics - corporate taxation, tax neutrality, capital gains taxes, tax treatment of retirement savings, and capital income taxation and international competitiveness. Gravelle also includes a comprehensive history of tax institutions and data on constructing effective tax rates that are not available elsewhere.
Household Debt and the Dynamic Effects of Income Tax Changes

Budget Deficits, Interest Rates and the Incentive Effects of Income Tax Cuts

This paper assesses the macroeconomic and distributional impact of personal income tax (PIT) reforms in the U.S. drawing on a multi-sector heterogenous agents model in which consumers have non-homothetic preferences and sectors differ in terms of their relative labor and skill intensity. The model is calibrated to key characteristics of the US economy. We find that (i) PIT cuts stimulate growth but the supply side effects are never large enough to offset the revenue loss from lower marginal tax rates; (ii) PIT cuts do “trickle-down” the income distribution: tax cuts stimulate demand for non-tradable services which raise the wages and employment prospects of low-skilled workers even if the tax cut is not directly incident on them; (iii) A revenue neutral tax plan that reduces PIT for middle-income groups, raises the consumption tax, and expands the Earned Income Tax Credit can have modestly positive effects on growth while reducing income polarization; (iv) The growth effects from lower income taxes are concentrated in non-tradable service sectors although the increased demand for tradable goods generate positive spillovers to other countries; (v) Tax cuts targeted to higher income groups have a stronger growth impact than tax cuts for middle income households but significantly worsen income polarization, even after taking into account trickle-down effects and an expansion of the Earned Income Tax Credit.

Potential effects of a flat federal income tax in the District of Columbia: hearing
We study the effects of capital income taxation on long run growth in an endogenous growth framework with two distinguishing features: endogenous population and international capital mobility. Endogenizing population growth introduces a new channel for taxes to affect economic growth and enables us to discriminate the effects of taxes on total versus per capita income growth. Allowing for capital mobility in the open economy, we show how the effects of taxes on population growth and income growth across countries will vary in specific ways, depending on the international income tax regimes and the relative preference bias of people towards the 'quantity' and 'quality' of children. The numerical results based on our calibrated model for the G-7 also indicate that, although the effects of liberalizing capital flows on long run growth may not be very sizable, the growth effects of changes in capital income tax rates can be tremendously magnified by cross-border capital flows and cross-border spillovers of policy effects.

**Macroeconomic Effects of Tax Rate and Base Changes: Evidence from Fiscal Consolidations**

The Interesting History of Income Tax William J. Federer "The only things certain are death and taxes" - Benjamin Franklin Yet few know America's interesting history of Income Tax, such as: *1787 - U.S. Constitution prohibited a "direct" Federal tax *1862 - "Revenue Tax" on incomes went into effect to finance the Union during the Civil War *1895 - Supreme Court made Income Tax unconstitutional *Woodrow Wilson thought tariffs on imports caused wars, so he worked to replace them with an Income Tax. *1913 - Income Tax was only a 1% tax on the top 1% richest people in America. *1943 - Paycheck Withholding began as an emergency effort to get funds to finance WWII. John F. Kennedy - "Lower rates of taxation will stimulate economic activity and so raise the levels of
personal and corporate income as to yield within a few years an increased flow of revenues to the Federal Government." (Annual Budget Message, Jan. 17, 1963) Thomas Jefferson - "It is an encouragement to proceed as we have begun in substituting economy for taxation" (2nd Annual Message, 1802) (176 pages, includes pictures)

The Causes and Consequences of Income Tax Noncompliance

We estimate the elasticity of charitable giving with respect to its price and after-tax income using a panel of over 550,000 disproportionately high-income tax returns spanning the years 1979 through 2005. Improvements relative to the previous literature include: using state tax variation to help identify our model while controlling for both individual- and time-specific unobserved heterogeneity; carefully dealing with expectations; allowing people at different income levels to have different degrees responsiveness to taxation and different time paths of unobservable influences on giving; and using a measure of charitable giving that more closely approximates current donations. To address the omitted variable bias that would otherwise arise from failing to control for unobservable expectations of future prices and future incomes, we use predictable changes in future federal and state marginal tax rates and tax liabilities, arising from their pre-announced and phased-in nature, as instruments for future changes in prices and income. Our estimate of the elasticity of giving with respect to a persistent price change for the full sample is about -0.7; this elasticity is generally larger when the sample is limited to high-income people and we control for time-varying unobservable influences on charity in a flexible fashion. We find some evidence, particularly among very high-income people, of re-timing giving in response to expected future changes in price, but this finding is sensitive to the source of identification for the price effects. Our estimates are broadly consistent the permanent income hypothesis.
charitable giving are estimated to respond more strongly to persistent changes in income than to transitory fluctuations in income. Moreover, we find evidence in some specifications that people will increase their charitable giving now in response to a predictable reduction in future tax liability arising from tax reform.

**Direct and Behavioral Effects of Income Tax Changes**

**Federal Tax Policy**

This is one of the accompanying documents to the 2012 Budget (ISBN 9790102976045) and examines the impact to the Exchequer of the 50% additional rate of income tax, introduced on 6 April 2010. The report seeks to provide the first comprehensive ex-post assessment of the additional rate yield using a range of evidence including 2010-11 Self Assessment returns. Analysis shows that there was a considerable behavioural response to the income tax rate change, including a substantial amount of forestalling, with an estimated £16 to £18 billion of income brought forward to the 2009-10 to avoid the tax increase. The net result of such actions is that the underlying yield from the additional rate was much lower than forecast. The report also describes how the impact of introducing the additional rate may extend well beyond the Exchequer, with the view that higher tax rates make the tax system less competitive and therefore less attractive to establish a business. The publication is divided into six chapters with three annexes.

**Budget Deficits and Macroeconomic Policy**
Discussions of macroeconomic policy often focus on changes in the budget deficit. A low budget deficit is one of the criteria for admission to the EMU. But some combinations of fiscal measures having a given effect on the budget deficit can have damaging effects on the principal macroeconomic objectives such as inflation and full employment, whereas other combinations will not. This is illustrated by using results from simulations for various OECD countries.

The Supply-Side Effects of Economic Policy

Harberger’s superneutrality conjecture contends that, although in theory the mix of direct and indirect taxes affects investment and growth, in practice growth effects of taxation are negligible. This paper provides evidence in support of this view by testing the predictions of endogenous growth models driven by human capital accumulation. The theoretical analysis highlights implications of different taxes for growth and investment in these models. The empirical work is based on cross-country regressions and numerical simulations, using a new methodology for estimating aggregate effective tax rates. Results show significant investment effects from income and consumption taxes that are consistent with small growth effects. The results are robust to the introduction of other growth determinants.

The Economic Effects of Taxing Capital Income

Taxpayer compliance is a voluntary activity, and the degree to which the tax system works is affected by taxpayers’ knowledge that it is their moral and legal responsibility to pay their taxes. Taxpayers also recognize that they face a lottery in which not all taxpayer noncompliance will ever
be detected. In the United States most individuals comply with the tax law, yet the tax gap has grown significantly over time for individual taxpayers. The US Internal Revenue Service attempts to ensure that the minority of taxpayers who are noncompliant pay their fair share with a variety of enforcement tools and penalties. The Causes and Consequences of Income Tax Noncompliance provides a comprehensive summary of the empirical evidence concerning taxpayer noncompliance and presents innovative research with new results on the role of IRS audit and enforcement activities on compliance with federal and state income tax collection. Other issues examined include to what degree taxpayers respond to the threat of civil and criminal enforcement and the important role of the media on taxpayer compliance. This book offers researchers, students, and tax administrators insight into the allocation of taxpayer compliance enforcement and service resources, and suggests policies that will prevent further increases in the tax gap. The book’s aggregate data analysis methods have practical applications not only to taxpayer compliance but also to other forms of economic behavior, such as welfare fraud.

The dynamic effects of personal and corporate income tax changes in the United States

Capital Income Taxation and Long Run Growth

International Spillovers of Taxation
Effects of Potential Tax Reforms on Stock Market Yields

The mortgage interest deduction, the property tax deduction, the unique treatment of capital gains on owner-occupied homes, and the absence of taxation on imputed rent from owner-occupied homes all influence the effective cost of housing services. They also affect federal income tax revenues and the distribution of income tax liabilities. We draw on household-level data from the 2004 Survey of Consumer Finances to analyze how several potential reforms would affect incentives for housing consumption as well as the distribution of income tax burdens. Our analysis recognizes that changing the mortgage interest deduction would induce changes in household financial behavior. We estimate that repealing the mortgage interest deduction in 2003 would have raised income tax revenues by $72.4 billion in the absence of any portfolio adjustments, but by only $61.9 billion if homeowners responded by drawing down a limited set of financial assets to partially replace their mortgage debt. The revenue effects of changing the property tax deduction similarly depend on how state and local governments alter their mix of revenue instruments in response to federal tax reform. Our results underscore the importance of recognizing behavioral responses when calculating the revenue costs of income tax provisions relating to owner-occupied housing.

The Economics of Tax Policy

Effect of Federal Income Tax Changes on Canadian Families Who Are in the Bottom 20 Percent of Earners
The Effects of Income Tax Changes on Labour Supply

A groundbreaking reference, this book provides a comprehensive review of tax policy from political, legal, constitutional, administrative, and economic perspectives. A collection of writings from over 45 prominent tax experts, it charts the influence of taxation on economic activity and economic behavior. Featuring over 2400 references, tables, equations, and drawings, the book describes how taxes affect individual and business behavior, shows how taxes operate as work and investment incentives, explains how tax structures impact different income groups, weighs the balanced use of sales, property, and personal income taxes, traces the influence of recent tax changes, and more.

Transition to and Tax Rate Flexibility in a Cash-flow Type Tax

In this dissertation I ask two basic questions: First, how predictable are personal income tax changes in the U.S. and second, does household consumption respond to news about future tax changes, or does it mostly respond at the time when the tax rates actually change? These are interesting questions because they have broad implications for macroeconomics and public economics. The rational-expectations life-cycle theory of consumption is the workhorse in modern macroeconomics. While there are various specifications of this theory, two predictions are common across them. First, consumption should not respond to predictable income changes and second, consumption should respond to news about future after-tax lifetime income. There is a large literature that tests the first implication of the rational-expectations life-cycle theory and generally rejects the model by finding significant consumption responses to predictable income changes -- that is, it finds that consumption is in fact excessively sensitive to predictable income changes. Very
few studies focus on the theory's second main prediction, that household consumption responds to news about after-tax income changes, even if current after-tax income has not changed yet. To the best of my knowledge this dissertation is indeed the first study to use micro-level data to estimate the consumption response to news. I use fiscal policy to study these two questions because it offers two main advantages over other empirical frameworks commonly used by macroeconomists to test the consumption theory and to analyze the effect of news on macroeconomic aggregates. First, exploiting the fact that there is a lag between the decision to change taxes and the implementation of the tax changes allows me to separate the behavioral response to news from the response to the actual policy changes. Therefore, the response to tax news is not confounded by the response to the actual tax change. Second, actual tax changes are directly observable without measurement issues, which is different from other news shocks that have been recently studied, in particular news about future total factor productivity. Therefore, my measure of news about future taxes can be directly compared with the actual evolution of the tax rates. Regarding public economics, this dissertation addresses another question that is of interest to public policy makers. During the current Great Recession, in which conventional monetary policy is not effective due to the zero lower bound on nominal interest rates, policy makers have shifted attention to fiscal interventions. In order to assess the effectiveness of fiscal policy we have to know the total effect of a tax reform on the economy, i.e. the tax multiplier. Unfortunately, almost all studies that provide estimates of tax multipliers focus on the response of the economy to actual tax changes. These estimates might miss a fraction of the total effect of a tax reform if tax changes are predictable and if the behavior of economic agents is forward-looking. Ignoring anticipation effects can therefore bias the tax multiplier downward. The identification of news about future tax rates is key for answering these questions. In this dissertation I exploit the fact that there exist two classes of fixed-income securities in the U.S. that are very similar except for the tax treatment of their income streams.
Interest on municipal bonds is tax-exempt, while interest on Treasury bonds is subject to federal income taxes; thus, relative price changes between municipal and Treasury bonds reflect changes in expected future tax rates, holding fixed other risk factors. I go beyond identification of the timing of news to directly measure the entire path of expected tax rates. The fact that different bonds have different maturities quantifies the degree of tax foresight, since yield spreads of bonds with different maturities reflect information about future taxes over different horizons. Hence, the tax news shocks derived from the bond prices measure not only when households receive information, but also what information they receive. Identifying the entire path of expected tax rates in turn is important for testing the basic rational-expectations life-cycle model of consumption, as the theory predicts that consumption responds one-for-one to changes in expected after-tax lifetime income. The term structure of municipal yield spreads identifies the expected persistence of a tax shock, which is a crucial factor that determines the optimal consumption response according to the theory. For instance, if a tax change is expected to be only transitory, then the theory predicts that consumption does not respond much. On the other hand, if a tax reform is expected to have a large persistent component, then consumption should respond much stronger. Combining these market-based tax expectations with consumption data from the Consumer Expenditure Survey I find that consumption of high-income households increases by close to 1% in response to news of a 1% increase in expected after-tax lifetime income, consistent with the basic rational-expectations life-cycle theory. On the other hand, households who have lower income, less education, or are more credit constrained respond less to news. However, the same households also respond one-for-one with large news shocks, consistent with rational inattention.
The Interesting History of Income Tax

Using a long span of expenditure survey data and a new narrative measure of exogenous income tax changes for the United Kingdom, we show that households with mortgage debt exhibit large and persistent consumption responses to tax changes. Home-owners without a mortgage, in contrast, do not appear to react, with responses not statistically different from zero at all horizons. Splitting the sample by age and education yields only limited evidence of heterogeneity as the distributions of these demographics tend to overlap across housing tenure groups. We interpret our findings through the lens of traditional and more recent theories of liquidity constraints, providing a novel interpretation for the aggregate effects of tax changes on the real economy.

The Adjustment of Personal Income Tax Systems for Inflation

This paper deals with the international effects of taxation. Tax policies have profound effects on the temporal composition and on the intertemporal evolution of the macro economy. The analysis highlights key issues pertinent for the understanding of international effects of domestic tax policies and of international tax harmonization. The analytical framework adopts the saving-investment balance approach to the analysis of international economic interdependence and includes a detailed specification of public and private sector behavior focusing on the roles played by taxes on income, consumption, and international borrowing. We present stylized facts on the average consumption and income tax rates for the seven major industrial countries. They reveal large international diversity of tax rates and tax structures. The analytical framework is used to analyze the consequences of revenue-neutral conversions between income and consumption (VAT)
tax systems. We demonstrate analytically that the effects of such changes in the structure of taxes depend critically on international differences in saving and investment propensities which in turn govern the time profile of the current account of the balance of payments. The key results are also illustrated by means of dynamic simulations. We then examine the international effects of budget deficits and public-debt management and demonstrate analytically as well as by means of dynamic simulations that these effects depend critically on whether the government manages its deficit through alterations in income or consumption (VAT) taxes. Finally, motivated by proposals for tax harmonization associated with the single market in Europe of 1992, we consider the effects of international tax harmonization. The main results, demonstrate that, in analogy with the effects of tax conversions, the effect of harmonization depends critically on the inter-country differences in saving and investment propensities. These differences are shown to yield conflicts of interests in the tax harmonization program.

The Effects of Income Tax Changes on Labour Supply

On October 24 and 25, 1980, the Center for the Study of American Business at Washington University and the Federal Reserve Bank of St. Louis cosponsored their fifth annual conference, "The Supply-Side Effects of Economic Policy." This volume contains the papers and comments delivered at that conference. Proponents of "supply-side economics" have challenged the policy recommendations that emerge from "Keynesian" macroeconometric models. These models focus on the effects of economic policy on the demand for output. Supply-side economics, in contrast, emphasizes the response of output to changes in the supply of inputs. Decisions affecting the capital stock and employment-in particular, saving and investment decisions and labor force participation and hours decisions-are the focus of the supply-siders' attention. The 1980 conference
examined most of the major themes associated with supply-side economics. The papers in Part I of this volume develop the theory underlying various supply-side propositions and present empirical evidence in support of some of these propositions. In Part II, the effect of taxes on capital formation and the effect of increased capital formation on output growth and inflation are examined. The effect of tax and transfer programs on labor supply, employment and unemployment are examined in Part III. The final section contains the special luncheon and dinner presentations.

**How Changes in Fiscal Policy Affect the Budget**

One of the major architects of comprehensive tax reform has revised his widely acclaimed book on tax policy to reflect the changes brought about by the Tax Reform Act of 1986 and all other major changes in tax laws since 1983. Joseph A. Pechman's Federal Tax Policy is a nontechnical book for general readers and students interested in taxation as an instrument of public policy. It emphasizes such current issues as a comprehensive income taxation, inflation adjustments in income taxation, graduated income taxes versus expenditure taxes, the effects of taxation on economic incentives, and fiscal relations between the federal and state and local governments. Pechman presents and evaluates contrasting views on most forms of taxation—personal and corporate income, general and selective consumption, payroll, estate and gift, property, and state and local—and offers a perceptive analysis of the process of tax legislation and the role of taxation in the fiscal policy. He also provides a valuable series of statistical table on tax developments and an extensive bibliography on tax theory and practice.

**Taxes & Incentives**
This study examines the general trends in the taxation of capital and wage income, the principal systems for taxing that income, and the most significant changes that have taken place in recent years.

**How Does Charitable Giving Respond to Incentives and Income?**

Using the post-WWII data of U.S. federal corporate income tax changes, within a Smooth Transition VAR, this paper finds that the output effect of capital income tax cuts is government debt-dependent: it is less expansionary when debt is high than when it is low. To explore the mechanisms that can drive this fiscal state-dependent tax effect, the paper uses a DSGE model with regime-switching fiscal policy and finds that a capital income tax cut is stimulative to the extent that it is unlikely to result in a future fiscal adjustment. As government debt increases to a sufficiently high level, the probability of future fiscal adjustments starts rising, and the expansionary effects of a capital income tax cut can diminish substantially, whether the expected adjustments are through a policy reversal or a consumption tax increase. Also, a capital income tax cut need not always have large revenue feedback effects as suggested in the literature.

**Income Tax Provisions Affecting Owner-occupied Housing**

The tax system profoundly affects countless aspects of private behavior. It is a powerful policy influence on the distribution of income and it is the one aspect of government that almost every citizen cannot avoid. With tax reform high on the political agenda, this book brings together studies of leading tax economists and lawyers to assess the various reform proposals and examine the
effects of tax reform in several distinct areas. Together, these studies and comments on them present a balanced evaluation of professional opinion on the issues that will be critical in the tax reform debate. The book addresses annual and lifetime distributional effects, saving, investment, transitional problems, simplification, home ownership and housing prices, charitable groups, international taxation, financial intermediaries and insurance, labor supply, and health insurance. In addition to Henry Aaron and William Gale, the contributors include Alan Auerbach, University of California, Berkeley; David Bradford, Princeton University; Charles Clotfelter, Duke University; Eric Engen, Federal Reserve; Don Fullerton, University of Texas; Jon Gruber, Massachusetts Institute of Technology; Patric Hendershott, Ohio State; David Ling, University of Florida; Ronald Perlman, Covington & Burling; Diane Lim Rogers, Congressional Budget Office; John Karl Scholz, University of Wisconsin; Joel Slemrod, University of Michigan; and Robert Triest, University of California, Davis.

**Income Tax Changes and Trade Union Wage Demand**

This volume presents five new studies on taxation and government transfer programs. Alexander Blocker, Laurence Kotlikoff, Stephen Ross, and Sergio Villar Vallenas show how asset pricing can be used to value implicit fiscal debts, which are currently rarely measured or adjusted for risk, while accounting for risk properties. They apply their methodology to study Social Security. Michelle Hanson, Jeffrey Hoopes, and Joel Slemrod examine the effects of the Tax Cuts and Jobs Act on corporation behavior and on firms’ statements about their behavior. They focus on for four outcomes: bonuses, investment, share repurchases, and dividends. Scott Baker, Lorenz Kueng, Leslie McGranahan, and Brian Melzer explore whether “unconventional” fiscal policy in the form of pre-announced consumption tax changes can shift durables purchases intertemporally, how it such
shifts are affected by consumer credit. Alan Auerbach discusses “tax equivalences,” disparate sets of policies that have the same economic effects, and also illustrates when these equivalences break down. Jeffrey Liebman and Daniel Ramsey use data from NBER’s TAXSIM model to investigate the equity implications of a switch from joint to independent taxation that could occur in conjunction with adoption of return-free tax filing.

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