

Discussion points, seminar 18/4

- Describe how the elasticity of taxable income is identified given that you have access to panel income data. What are the main econometric challenges?
- What type of responses does the ETI reflect? What does it mean that it is referred to as a «sufficient statistics» for optimal tax policy?
- Describe how you would proceed to estimate a discrete choice labor supply model? How can you obtain information on tax responsiveness from this?
- Discuss the pros and cons of the ETI framework vs the structural approach (as discrete choice modeling) to obtain information about tax responsiveness