



Universität
Basel

Research Project

The Elasticity of Taxable Wealth: Evidence from Switzerland

Third-party funded project

Project title The Elasticity of Taxable Wealth: Evidence from Switzerland

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Department

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The rise in inequality seen in many developed nations over the past 40 years has recently spurred renewed interest in the taxation of wealth. Surprisingly, there exists as yet very little robust empirical evidence on individual taxpayers' responses to changes in the taxation of wealth. This project seeks to fill this gap by studying behavioral responses to wealth tax changes across space and time in Switzerland. Switzerland is the OECD country with the highest level of wealth taxation, and its fiscally decentralized political system leads to substantial variation in wealth tax rates across 26 cantons as well as across roughly 2,500 municipalities. We propose to study behavioral responses in two different datasets: first, yearly aggregate data for the whole of Switzerland since 2003 on total wealth and number of taxpayers by canton and wealth interval; second, confidential administrative data on all individual tax records for the canton of Bern from 2001 to 2011 (6.8 million taxpayer-year observations). The individual data record individual taxpayers' wealth composition over time and allow us to follow them across municipalities and cantons if they move. This should make it possible to decompose the aggregate elasticity of taxable wealth into an effect from changes in wealth accumulation by stayers and an effect due to migration. Individual data also allow us to control relatively accurately for the effect of other tax instruments such as income, property and bequest taxes, and they will enable us to use instrumental-variable techniques to identify the causal effect of (average and marginal) wealth tax rates on wealth accumulation and household location choices.

Keywords Wealth Taxation, Inequality, Redistribution

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ID	Kreditinhaber	Kooperationspartner	Institution	Laufzeit - von	Laufzeit - bis
3704720	Schmidheiny, Kurt	Gruber, Jon, Professor	Massachusetts Institute of Technology	15.05.2014	31.12.2022
3704721	Schmidheiny, Kurt	Brühlhart, Marius, Professor	Université de Lausanne	01.02.2011	31.12.2022