

Tax Reforms and Intertemporal Shifting of Wage Income:
Evidence from Danish Monthly Payroll Records

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Online Appendix

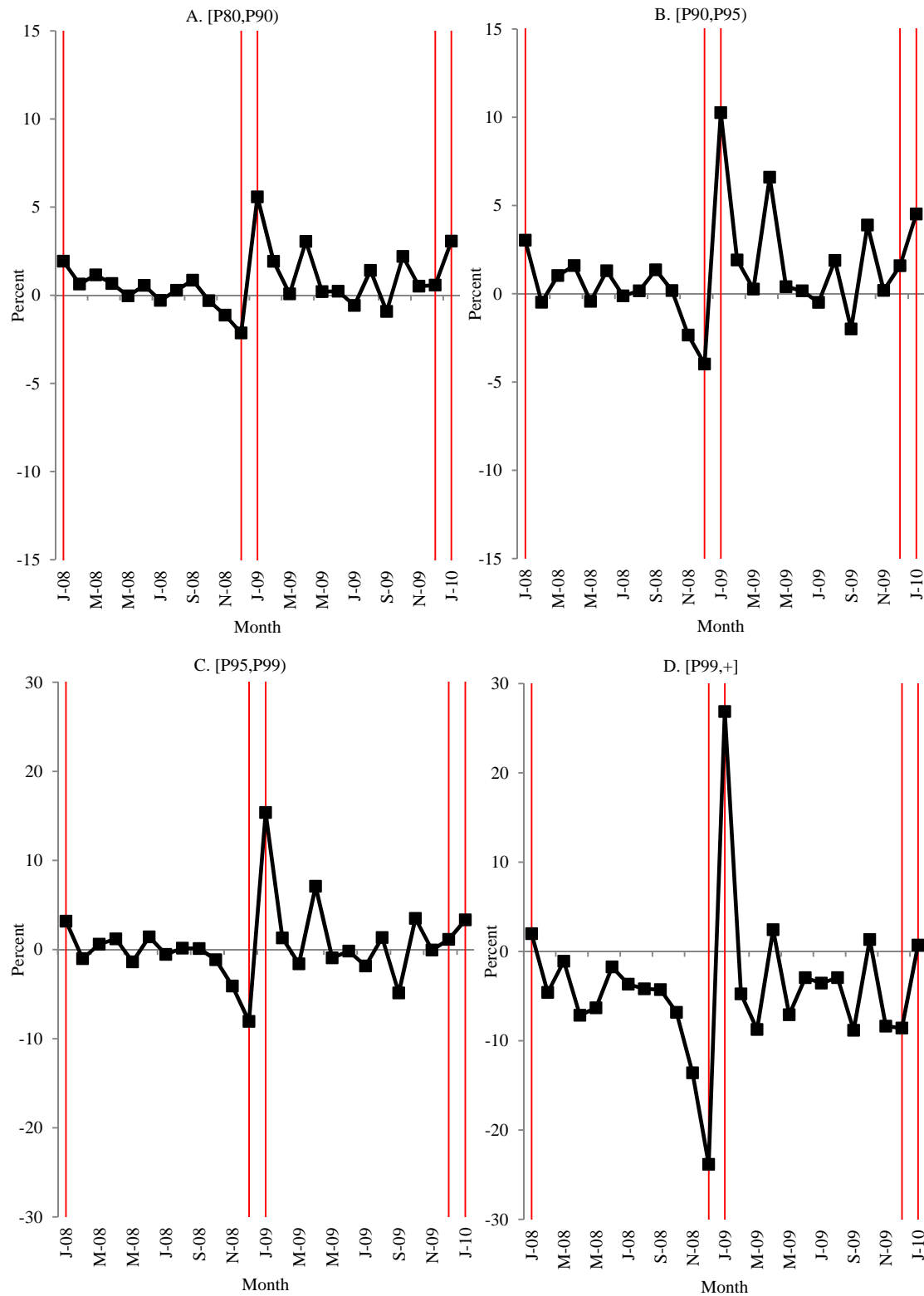


FIGURE A1: SHARE OF INCOME SHIFTED BY INCOME PERCENTILES

Notes : The figure shows the difference between wages in a given month compared to the same month in 2008 (as a percentage of the average monthly wage in 2008) for the T-group and measured relative to the C-group . In Panel A, the T-group includes employees with average monthly earnings within the 80th and 90th percentile of the wage distribution, cf. Figure 2. The T-group selection moves upwards in the wage distribution as we move from Panel A to Panel B and forward. The construction of the T-group and the C-group is described in the note to Figure 3.

Source: The monthly payroll (eIncome) register from the Danish tax authority (SKAT).

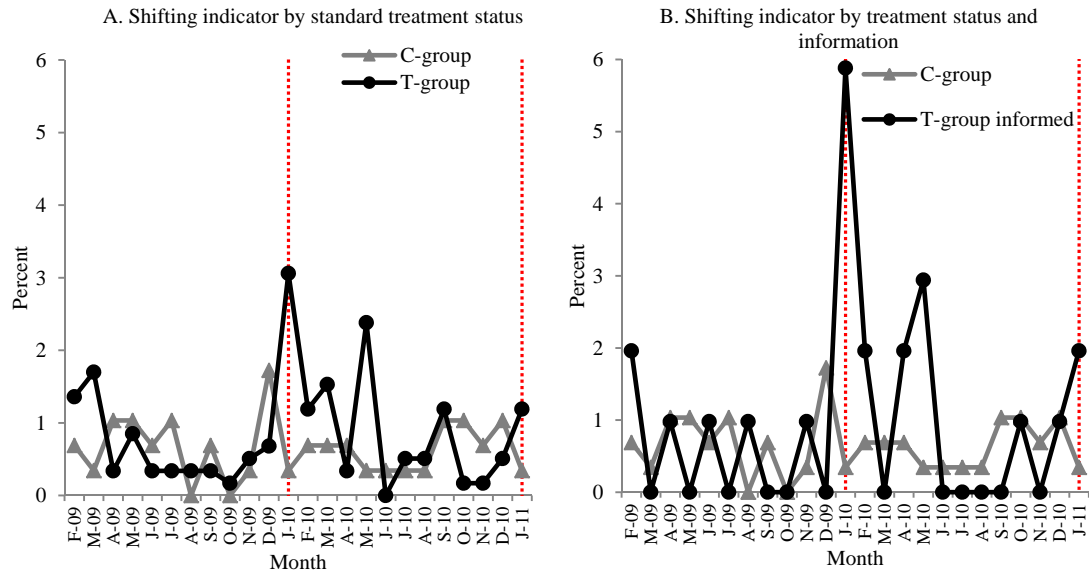


FIGURE A2: SHARE OF INCOME SHIFTERS AMONG SURVEY RESPONDENTS

Notes: The left panel replicates the graph in Panel A of Figure 4 but includes only the 588 employees in the treatment group and the 290 individuals in the control group who participated in the survey described in Table 4. The right panel is constructed in the same way as the left panel but the T-group is confined to those respondents who are informed about the opportunity to shift income, defined as the group with Q1 = 'After New Year' & Q2 = 'Legal' (see Table 4).

Source: The monthly payroll (eIncome) register from the Danish tax authority (SKAT) and telephone survey information obtained by Capacent Epinion.

TABLE A1—INCLUDING COVARIATES IN ESTIMATION OF THE ELASTICITY OF TAXABLE INCOME

Income group	All months	All months	Only D09 & J10	Excl. D09 & J10	Excl. N09, D09 & J10
	All individuals (1)	Non-shifters (2)	All individuals (3)	All individuals (4)	All individuals (5)
Full sample	0.08 (0.07,0.10)	0.03 (0.02,0.05)	0.80 (0.76,0.83)	0.02 (0.00,0.03)	0.00 (-0.01,0.02)
income ≤ P80	0.01 (-0.01,0.03)	0.00 (-0.02,0.02)	0.18 (0.12,0.23)	-0.01 (-0.03,0.02)	-0.01 (-0.04,0.02)
P80 ≤ income < P90	0.05 (0.03,0.07)	0.02 (0.00,0.04)	0.48 (0.43,0.52)	0.01 (-0.01,0.03)	0.00 (-0.02,0.02)
P90 ≤ income < P95	0.11 (0.09,0.13)	0.05 (0.03,0.08)	0.91 (0.85,0.97)	0.04 (0.01,0.06)	0.02 (-0.01,0.04)
P95 ≤ income < P99	0.16 (0.13,0.18)	0.06 (0.04,0.08)	1.50 (1.42,1.57)	0.03 (0.01,0.06)	0.01 (-0.02,0.04)
P99 ≤ income	0.26 (0.20,0.32)	0.10 (0.04,0.15)	3.24 (2.93,3.55)	-0.01 (-0.07,0.05)	-0.07 (-0.13,-0.01)

Notes: This table of ETI estimates is identical to Table 5 with the only exception that we have included a large number of control variables in the regressions thereby allowing for differences in income growth based on observables. The table reports the ETI estimate of each regression and the 95% confidence intervals on these estimates in the brackets. All reported estimates include the following covariates: age dummies, gender dummy, marriage dummy, 5 regional dummies, 10 sector dummies (see Table 2) and 4 company size dummies (see Figure 7).

Source: The monthly payroll (eIncome) register from the Danish tax authority (SKAT) and administrative registers at Statistics Denmark.

TABLE A2–ESTIMATES OF THE ELASTICITY OF TAXABLE INCOME: SENSITIVITY ANALYSES

Income group	All months	All months	Only D09 & J10	Excl. D09 & J10	Excl. N09, D09 & J10
	All individuals (1)	Non-shifters (2)	All individuals (3)	All individuals (4)	All individuals (5)
A. Baseline	0.10 (0.08,0.11)	0.05 (0.03,0.06)	0.86 (0.82,0.89)	0.03 (0.01,0.04)	0.01 (-0.00,0.03)
B. Wide C-group	0.13 (0.12,0.14)	0.08 (0.06,0.09)	0.92 (0.89,0.95)	0.06 (0.05,0.07)	0.04 (0.03,0.05)
C. Narrow C-group	0.08 (0.07,0.09)	0.03 (0.02,0.04)	0.81 (0.77,0.86)	0.01 (-0.00,0.03)	-0.00 (-0.02,0.01)
D. Baseline year 2009	0.09 (0.07,0.10)	0.04 (0.03,0.05)	1.08 (1.04,1.11)	-0.01 (-0.02,0.01)	-0.03 (-0.04,0.02)
E. Doughnut sample	0.12 (0.11,0.14)	0.06 (0.05,0.08)	1.01 (0.97,1.05)	0.04 (0.03,0.06)	0.03 (0.01,0.04)
F. Post reform year 2011	0.08 (0.06,0.10)	0.05 (0.03,0.07)	0.46 (0.42,0.49)	0.05 (0.03,0.06)	0.03 (0.01,0.05)

Notes: The table reports ETI estimates using specification (5) and 95% confidence intervals in brackets. The first row repeats the baseline estimates from Table 5. The baseline construction of the T-group and C-group is described in the note to Figure 3. The rows labeled 'narrow' and 'wide' refer to C-group selections with an average monthly 2008 earnings level in the range 32,000-35,000 and 24,000-35,000, respectively. The row labeled '2009 income' refers to estimates where 2009 is used as the baseline year to separate individuals into treatment group and control group, and where income differences are measured relative to 2009 income. The 'doughnut' sample excludes individuals with an average monthly 2008 earnings level in the range 33,000-37,000. Finally, the row 'Post reform year 2011' refers to estimates based on post reform income observations from 2011 instead of from 2010 used in the baseline.

Source: The monthly payroll (eIncome) register from the Danish tax authority (SKAT).