

Discussion Paper no. 2018-48.

Reply to Anonymous Reader 1

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First of all, we would like to thank you for your commentaries about our discussion paper.

Our main purpose, as you have well identified, is to enrich the estimation of tax base elasticities in the framework of dual (or semi-dual) personal income taxes.

In our opinion, the existence of two tax schedule and the possible tax-shifting strategies between the two taxable bases recommend adapting the conventional estimation analysis. We have opted to calculate and include weighted marginal tax rates in the estimates.

In addition, as a second main purpose of our paper, we have made different segmentations of the taxpayer population -mainly by sex, age and marital status-, that combined with the different income levels offer more realistic values for the elasticities.