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Reply to Carmen Diaz (reader)

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First of all, we would like to thank your kind appreciation of our paper.

Regarding your question, in our analysis we have used Spanish personal income tax return panel microdata for the years 2006 and 2007. These data were collected by the Spanish Tax Administration Agency (AEAT) and are made available by the Spanish Institute of Fiscal Studies (IEF). This database represents in each tax year the entire Spanish PIT taxpayer population only for the so-called "common fiscal regime", that is, all tax filers residing in Spanish territory, except those who reside in the Autonomous Communities of the Basque Country and Navarre, so-called "Foral regime communities".

The AEAT is in charge of administering the Spanish PIT in the 15 Autonomous Communities of common fiscal regime plus the Autonomous Cities of Ceuta and Melilla. In contrast, "Foral regime" includes their own tax administration for all taxes collected in their territories. Unlike what happens with the AEAT, the Tax Administrations of Basque Country and Navarre do not disseminate tax micro data, which makes it impossible to carry out any kind of empirical tax analysis for their taxpayers.

In any case, we do not believe that the tax elasticities that would be obtained for the Basque Country and Navarre were very different from those estimated for the territory of the "common fiscal regime", to the extent that the PIT applied in both regimes is substantially the same.