

Discussion Paper no. 2018-48.

Reply to Fidel Picos

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Thank you very much for your carefully reading on our paper and for giving your opinion about the same. We try to clarify and answer each of your concerns and comments below.

1. Regarding the general comment ("the paper would benefit from a more policy-oriented drafting"), we agree with your suggestion. In the revised version, we will incorporate a greater discussion on the quantitative results obtained, trying to guide its interpretation towards the formulation of tax policy implications in the final section of conclusions.

2. In relation to the minor comments, we are also fully agree with the recommendations of the reader:

2.1. We will include in the footnote 3 the reference to the most relevant articles of this literature that use the "splines" method.

2.2. In the subsection on the data, we note the important relative weight of employment income in the total taxable income.

2.3. We will improve the explanation of the self-employment income measurement in the Spanish PIT, and to what extent this may influence the results.

2.4. In the new version, we will explain in a footnote the procedure followed for the identification of retired and unemployed taxpayers. To do this, we have basically used the variables of the taxpayer's age and deductible social contributions.

2.5. We would be very grateful if the reader could send us the minor mistakes and typos detected. You can do it through the e-mail addresses that appear in the Discussion Paper.