

Charitable Giving, Tax Reform, and Government Efficiency^{*}

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Abstract

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Keywords: Charitable giving, Giving price, Tax reform, Government efficiency, South Korea

JEL: D91, I10, I18

1. Introduction

1.1. Background of South Korea Tax Reform

To investigate the price effect, we use the 2014 tax reform in the South Korea (Bursztyn and Jensen, 2017).

- Before 2014, tax deduction was adopted to subsidize charitable donation behavior.
- After 2014, tax credit have been adopted.

The main difference is that tax credits reduce taxes directly, while tax deductions indirectly lower the tax burden by decreasing the taxpayer marginal tax rate, which increases with gross income

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