

# Dividend Taxation and Top-Income Inequality

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Lucas Dubois

HEC Liège

# Research Design: DUBOIS Lucas (s216283)

- **Research Question:** *How do dividend tax cuts impact top-income inequality?*
- **Objective:** This paper analyzes the effect of Brazil's 1995 dividend tax cut and explores whether the observed rise in top-income inequality was a consequence of this policy change.
- **Approach:** Quantitative analysis using historical data from the World Inequality Database (WID) and national sources such as IBGE.
- **Methodology:** A combination of econometric models will be employed to estimate the causal effect of the 1995 tax reform. These include panel regressions with fixed effects, a difference-in-differences (DiD) approach comparing Brazil to similar countries, and a synthetic control method (SCM). The models will incorporate relevant controls (e.g., GDP growth, inflation, other tax policies) to ensure robustness and validity.

# Literature Review:

- Becker, G. S. (1968). Crime and punishment: An economic approach. *Journal of Political Economy*, 76(2), 169–217.

*key insights:* Crime from a rational standpoint: humans commit crimes when the expected benefits exceed the expected costs.