



- Blue loss (pre-existing inc. tax)
- ... Blue loss (optimal inc. tax at  $\xi = 0.1$ )
- Green benefit, pre-existing inc. tax ( $\xi = 0.1$ )
- - Green benefit, baseline opt. inc tax ( $\xi = 0.1$ )
- Green benefit, pre-existing inc. tax ( $\xi = 0.55$ )
- - Green benefit, baseline opt. inc tax ( $\xi = 0.55$ )
- Green benefit, pre-existing inc. tax ( $\xi = 1.0$ )
- - Green benefit, baseline opt. inc tax ( $\xi = 1.0$ )