

Macro Roundup Article

Headline: [Who Benefits from State Corporate Tax Cuts? A Local Labor Market Approach with Heterogeneous Firms: Further Results](#)

Article Link: <https://www.nber.org/papers/w31206>

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Publication	National Bureau of Economic Research
Publication Date	October 17, 2023

Tweet: Owners of firms bear half the incidence of state corporate taxes with workers and landowners paying 35-40% and 10-15% respectively. @J_C_Suarez @omzidar

Summary: The strategy that identifies firms owner's incidence using the reduced-form effect on labor demand of incumbent firms delivers an estimate of 61.9% (SE = 11%). The second strategy that uses the effects of business taxes on local productivity (TFP) yields an estimate of the firm's owner share of 52.3% (SE = 34%). Our second main finding is that our extended structural model that incorporates these new moments delivers an estimate for firm owners of 53.3% (SE = 12%). Overall, our central estimate is that firm owners bear roughly half of the incidence, while workers and landowners bear 35-40 percent and 10-15 percent, respectively. Related: End of an Era: The Coming Long-Run Slowdown in Corporate Profit Growth and Stock Returns and Who Gains from Corporate Tax Cuts? and The Economics of Inequality in High-Wage Economies

Primary Topic: Taxation

Topics: Academic paper, Fiscal Policy, GDP, Growth, Taxation

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