

## Readme file

Instructions on how to replicate the results in the paper “Estimating Taxable Income Responses Using Danish Tax Reforms” by Henrik Kleven & Esben Schultz, *American Economic Journal: Economic Policy*.

This document contains the following:

1. List of all program files
2. Instructions on how replication can be conducted
3. Information on how to obtain access to the proprietary data

### 1. List of all program files

File Name	Format	Purpose
TAXSIM1984_2005	SAS	Computes taxable incomes, tax liabilities, marginal tax rates, and virtual income
TAXSIM1984_2005_mechanical	SAS	Computes mechanical changes in marginal tax rates and in virtual incomes
Merge_data	SAS	Constructs the estimation data set
Figure 1	SAS	Produces the data behind Figure 1
Figure 2, Panel D	SAS	Produces the data behind Figure 2, Panel D
Figure 3	SAS	Produces the data behind Figure 3
Figure 4	SAS	Produces the data behind Figure 4
Table A1	SAS	Produces the data behind Table A1
Splines	STATA	Computes splines and generates the final estimation data set
Table 3	STATA	Produces the estimation results in Table 3
Table 4	STATA	Produces the estimation results in Table 4
Table 5	STATA	Produces the estimation results in Table 5
Table 6	STATA	Produces the estimation results in Table 6
Table 7	STATA	Produces the estimation results in Table 7
Table 8	STATA	Produces the estimation results in Table 8
Table 9	STATA	Produces the estimation results in Table 9

## 2. Instructions on how replication can be conducted

A. Construction of the estimation data set:

Step 1: Run the SAS-program "TAXSIM1984-2005".

Step 2: Run the SAS-program "TAXSIM1984-2005\_mechanical".

Step 3: Run the SAS-program "Merge\_data".

B. Based on the estimation data set, the data behind the following figures and tables can be generated:

Figure 1: Run the SAS-program "Figure 1".

Figure 2, Panel D: Run the SAS-program "Figure 2, Panel D".

Figure 3: Run the SAS-program "Figure 3".

Figure 4: Run the SAS-program "Figure 4".

Table A1: Run the SAS-program "Table A1".

C. Construction of the final estimation data set:

Step 1: Convert the estimation data set "tax84\_02.sas" to a STATA data set.

Step 2: Run the STATA-program "Splines".

C. Based on the final estimation data set, the estimation results in tables 3-9 can be generated:

Table 3: Run the STATA-program "Table 3".

Table 4: Run the STATA-program "Table 4".

Table 5: Run the STATA-program "Table 5".

Table 6: Run the STATA-program "Table 6".

Table 7: Run the STATA-program "Table 7".

Table 8: Run the STATA-program "Table 8".

Table 9: Run the STATA-program "Table 9".

## 3. Information on how to obtain access to the proprietary data

The results are based on administrative data that link detailed tax return information to rich socioeconomic information for the full Danish population since 1980. The data is the property of the Danish government and administered by Statistics Denmark, and its use is subject to various restrictions and requirements that are in place to avoid potential misuse and to safeguard confidential information about Danish citizens. In particular, the Danish government and Statistics Denmark do not allow us to hand over the dataset to the *American Economic Journals* for purposes of replication.

It is nevertheless possible for other researchers to obtain access to the data on which our paper is based. Access can be obtained for researchers of any nationality, but it is a requirement that they obtain approval through accredited research institutions in Denmark (such as major universities). Many researchers outside Denmark have been able to obtain such approval in the recent past. Conditional on approval, the data can be accessed by researchers remotely (from any computer, including the researcher's office desktop) through a secure server at Statistics Denmark. A fee is charged by Statistics Denmark for the use of their data.

If you want to replicate this study and need additional information and guidance on how to access the Danish data, do not hesitate to contact the authors. Their contact information is provided in the acknowledgement footnote of the paper.