

The Gender (Tax) Gap in Parental Transfers. Evidence from Administrative Inheritance and Gift Tax Data

INEQ Research Seminar

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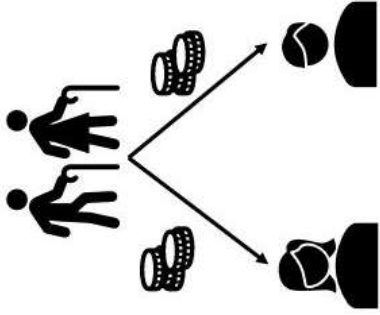
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Gender Wealth Gap



Motivation



- Share of inherited wealth in aggregate private wealth in Europe around 50-60% (Alvaredo, Garbinti, and Piketty 2017)
 - What's the role of intergenerational transfers in gender wealth inequality?
- Mixed prior findings
 - Gender difference in age and amounts of transfers (Bessière and Gollac 2023)
 - Hardly any gender differences in **inheritances** in Germany but gifts (Leopold and Schneider 2011; Vogel et al. 2021; Bach and Mertz 2016)
 - But men receive higher transfers during working life (Bartels, Sierminska, and Schroeder, n.d.)
 - Most prior research based on **survey data**

Research Question & Contributions

Research Question

How does the inheritance and gift tax system in combination with gendered parental transfer behavior shape gender inequalities in wealth?

Contributions

- Focus on the upper part of the transfer distribution
- Differentiation between asset types
- Role of the tax system in shaping gender wealth inequality

Theoretical Background

The family as an economic institution

- Family contributes to wealth concentration via intergenerational transfers (Farrell 1993)
- Family as a place where wealth is produced, circulated, controlled, and assigned value (Bessière and Gollac 2020)

Gender inequality in transfers

- Societal beliefs in gender differences in entitlements (Lerner and Mikula 1994; Tisch and Gutfleisch 2022)
- Daughters and sons might receive different asset types
- Unintentional consequences of the tax system (exemptions)

Country context:

German gift and inheritance (tax) law

- Inheritances
 - statutory inheritance quota or last will (predefined inheritance + quota)
 - restricted testamentary freedom → disinheritance possible but statutory share: minimum inheritance of close relatives is half the amount they would have received in absence of a last will
- Gifts: amount of the gift and the recipient can be freely determined
- Inheritance tax (not an estate tax)
 - personal tax exemption (applies to the taxable person): e.g., 400,000 EUR / 10 years for parental transfer
 - factual tax exemption (applies to the taxable object): business, forest, furniture, family home etc.

- German inheritance and gift tax data 2007-2020
- Highly sensitive data → restricted access
- Cover bequests and gifts for which a tax claim was requested
- Advantage: Entire population of tax relevant transfers
- Coverage: 30% of all bequests, accounting for 73% of all transferred wealth above 10,000 EUR in 2010 (Bach et al. 2014)

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Methods

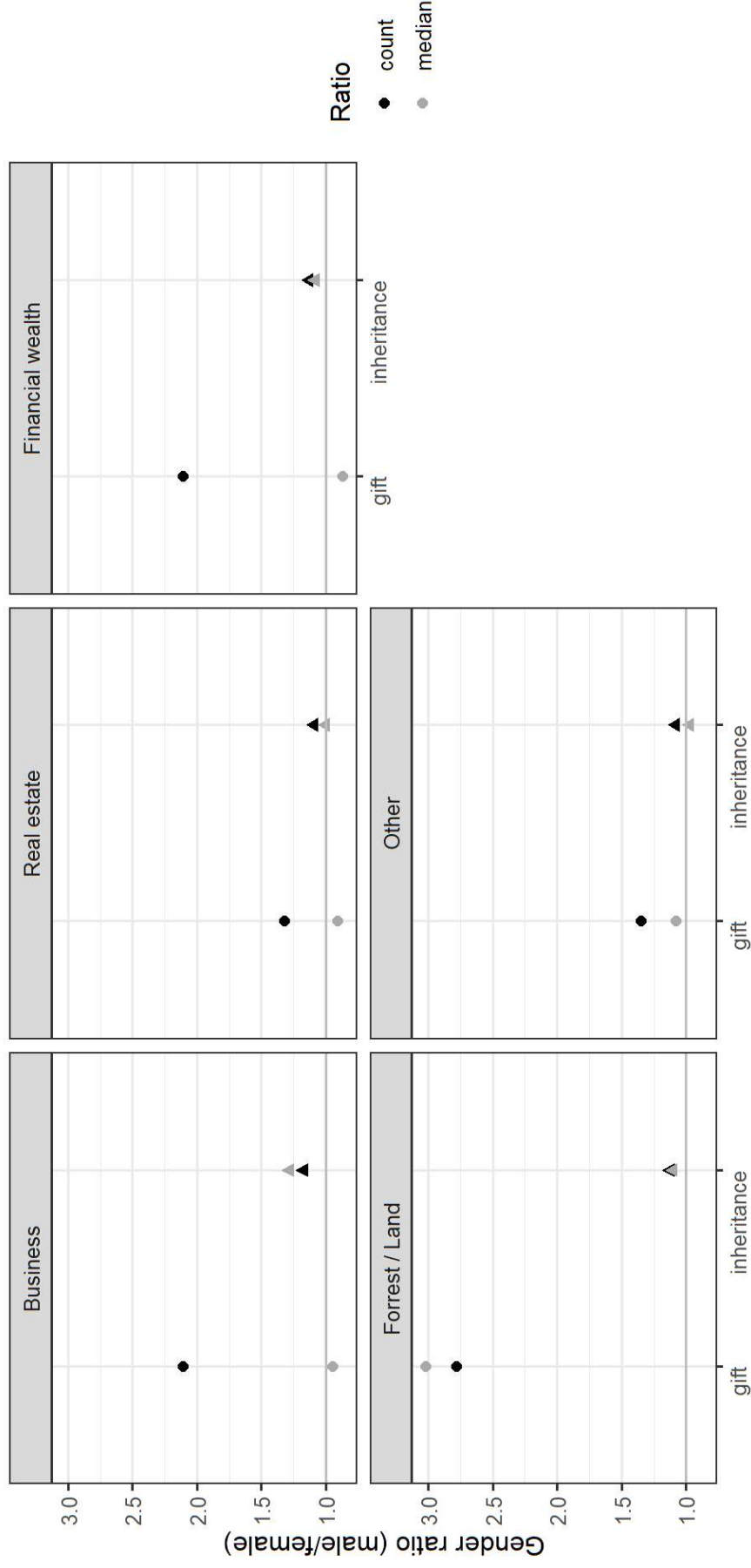
- Descriptive analyses
- OLS regressions
 - Dependent variable: Effective inheritance / gift tax rate
 - Predictor variables
 - gender (receiver and donor)
 - asset type (as dummy variables)
 - age (receiver and donor)
 - east/west Germany
 - year

Gendered transfer behavior:
Gender inequality in gifts but
not inheritances?

Gender differences in tax relevant parental transfers, 2007-2020

Type	Statistic	Female	Male	Ratio	Gap
Gift	mean in 1,000	1,004.46	1,115.01	1.11	-9.91
Inheritance	mean in 1,000	772.27	828.00	1.07	-6.73
Gift	N in 1,000	112.55	160.48	1.43	-29.87
Inheritance	N in 1,000	115.64	124.46	1.08	-7.09
Gift	sum in 1,000	117,310,465.33	186,390,339.34	1.59	-37.06
Inheritance	sum in 1,000	88,705,896.52	102,293,945.81	1.15	-13.28

Gender ratios in number of parental transfers including specific wealth components

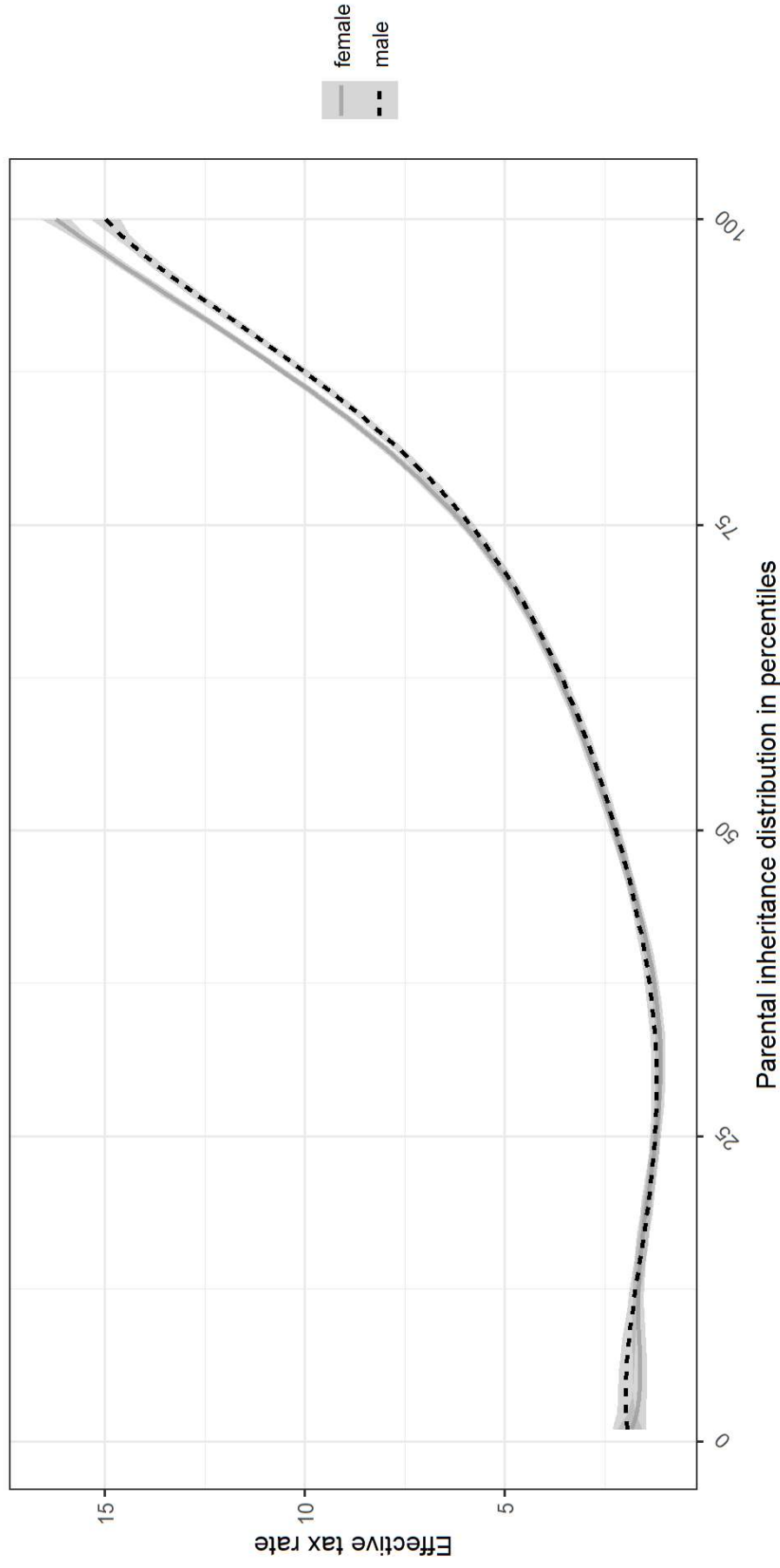


Let's look at how the tax
system shapes gender
inequality.

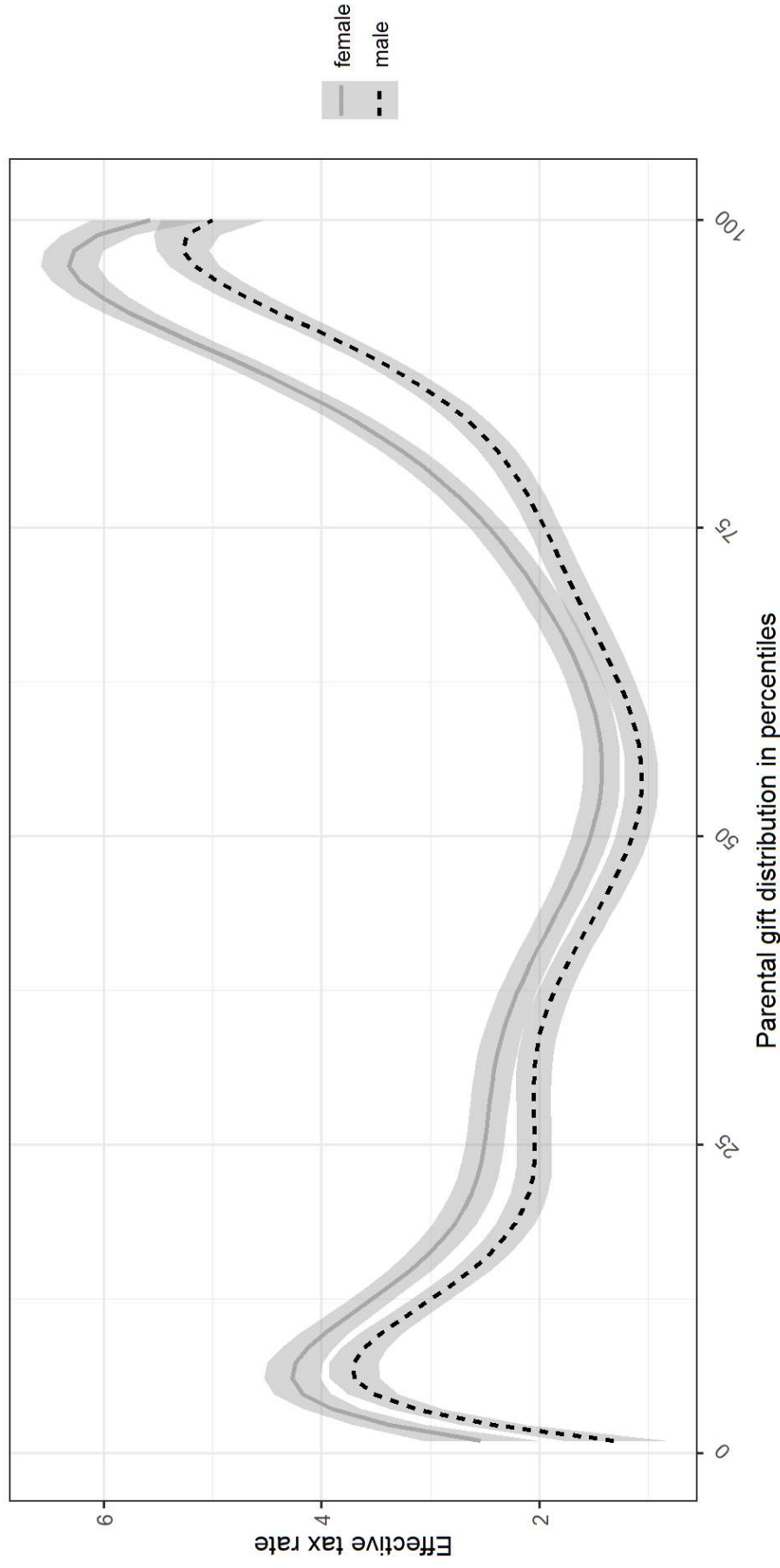
Gender differences in effective tax rates

<i>Type</i>	<i>Female</i>	<i>Male</i>	<i>Ratio</i>	<i>Gap</i>
Average effective tax rate, gifts	3.02	2.49	0.82	21.53
Average effective tax rate, inheritance	4.42	4.35	0.98	1.69

Effective tax rate along the inheritance distribution (2007-2020)



Effective tax rate along the gift distribution (2007-2020)



Does the tax system widen the gender transfer gap?

Type	Female, in Mio.	Male, in Mio.	Ratio	Gap
Gifts, sum before tax	117.31	186.39	1.59	-37.06
Gifts, sum after tax	114.36	182.42	1.60	-37.31
Inheritances, sum before tax	88.71	102.29	1.15	-13.28
Inheritances, sum after tax	79.71	92.03	1.15	-13.39

Example: A woman and a man receive 500.000 Euros in gifts.

- The average gift tax rate for women: 2,65% and for men 2,00%
- The woman pays 13.250 Euros, the men only 10.000 Euros
- Tax system increases the gender transfer gap by 3.250 Euros

Regression result: effective gift tax

	<i>M1 (b)</i>	<i>M1 (se)</i>	<i>M2 (b)</i>	<i>M2 (se)</i>
Receiver female	0.549***	0.02	0.480**	0.17
Gifts, percentile	0.0113***	0.00	0.0287***	0.00
Business (indicator)			-2.138***	0.05
Business (indicator) * Receiver female			-0.448***	0.08
Land (indicator)			-1.260***	0.05
Land (indicator) * Receiver female			0.0853	0.09
Other wealth (indicator)			1.235***	0.04
Other wealth (indicator) * Receiver female			0.127	0.08
Estate (indicator)			-1.147***	0.04
Estate (indicator) * Receiver female			-0.752***	0.08
Donor female			0.0220	0.03
Donor female * Receiver female			-0.338***	0.05
Age (receiver)			0.0656***	0.00

Age (receiver) * Receiver female	-0.0102***	0.00
Age (donor)	0.00333**	0.00
Age (donor) * Receiver female	0.00848***	0.00
West	0.659***	0.05
West * Receiver female	-0.188*	0.08
	0.00719***	0.00
Intercept	2.812***	0.05
N	271087	255949
R ²	0.02	0.11
Gender Gap	0.549	0.348
p value (Gender Gap)	0.00	0.00

Regression result: effective inheritance tax

	<i>M1 (b)</i>	<i>M1 (se)</i>	<i>M2 (b)</i>	<i>M2 (se)</i>
Receiver female	0.0804***	0.02	-0.0708	0.18
Inheritance, percentile	0.119***	0.00	0.119***	0.00
Business (indicator)			-0.558***	0.04
Business (indicator) * Receiver female			0.463***	0.06
Land (indicator)			-0.311***	0.04
Land (indicator) * Receiver female			0.223***	0.05
Other wealth (indicator)			0.822***	0.05
Other wealth (indicator) * Receiver female			-0.378***	0.08
Estate (indicator)			-1.386***	0.03
Estate (indicator) * Receiver female			-0.0885	0.05
Donor female			-0.114***	0.03
Donor female * Receiver female			-0.0548	0.04
Age (receiver)			-0.0115***	0.00

Age (receiver) * Receiver female	-0.00309	0.00
Age (donor)	0.0276***	0.00
Age (donor) * Receiver female	0.00216	0.00
West	0.117	0.06
West * Receiver female	0.0355	0.09
	0.00849***	0.00
Intercept	-0.883***	0.04
	-2.210***	0.13
N	239947	229733
R ²	0.38	0.39
Gender Gap	0.080	0.070
p value (Gender Gap)	0.00	0.00

Conclusion

Gendered parental transfers



- Gender differences in total number, sums, and average amount of inheritances and gift
- More pronounced for gifts
- More pronounced for transfers including business and land wealth

Implicit gender bias in inheritance and gift taxation

- Gender tax gap for inheritance: 2%
- Gender tax gap for gifts: 22%

→ Tax system with generous exemptions amplifies gender inequality

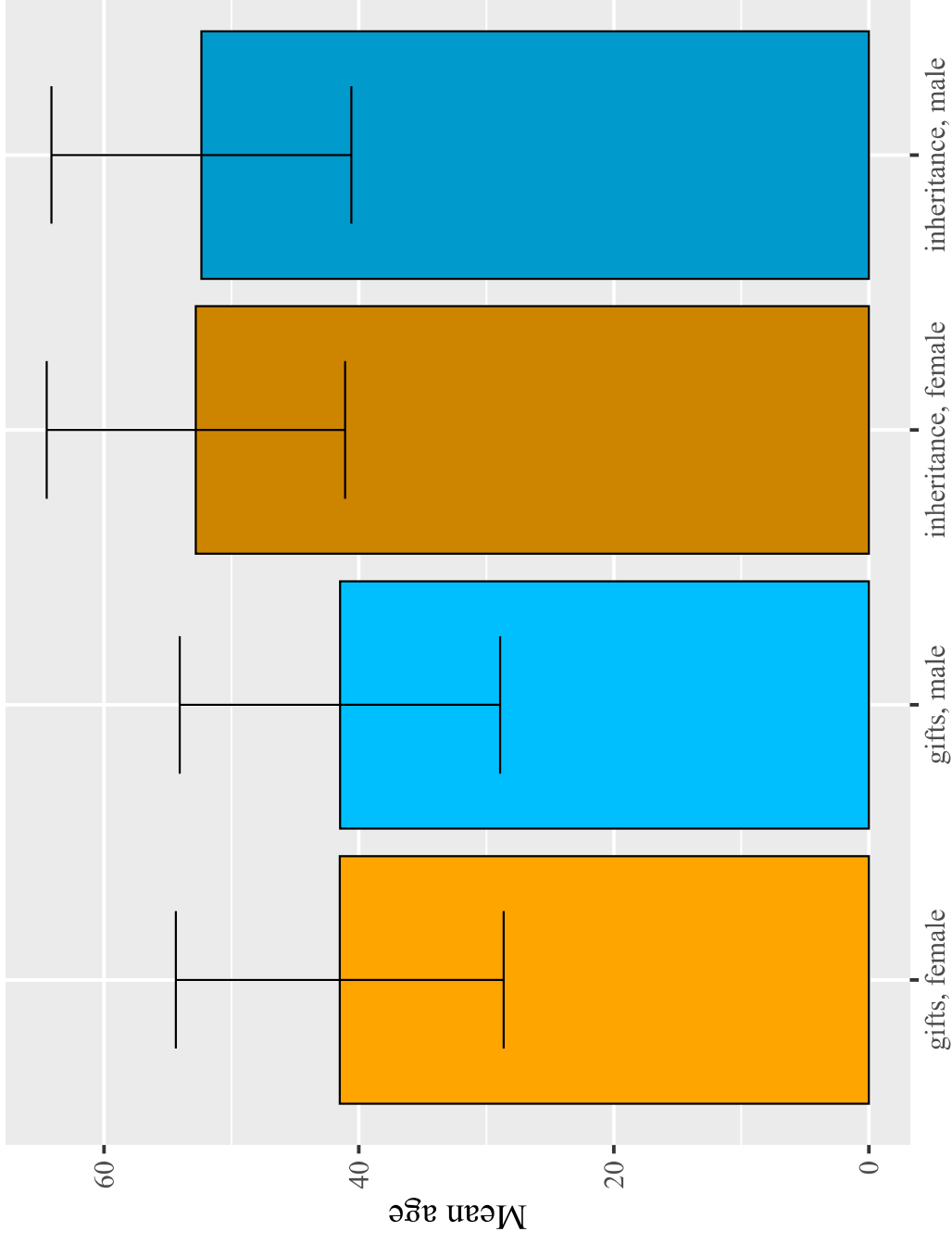
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No age differences



Composition of gifts across the distribution



Composition of inheritances across the distribution

