# Research Statement

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I am an Applied Microeconomist interested in Public and Labor Economics. I am especially interested in understanding (i) how government policies affect workers, businesses, and consumers, (ii) whether responses are real or in the form of tax avoidance and evasion, (iii) the distributional impacts of public policies, and (iv) unintended effects due to design issues or a poor understanding of the government. Two common features of my research are (i) the use of large administrative datasets—including employer-employee records, firm-level tax returns, and retail scanner data; and (ii) the combination of plausibly exogenous policy changes with quasi-experimental methods and data-intensive techniques. I aim to provide rigorous empirical evidence on topics of high policy relevance. For this reason, I have worked closely with tax administrations and government agencies to assess the causal effects of different types of policy interventions.

My research agenda can be grouped into **four broad areas**: (1) the incidence of consumption taxes and price controls on prices and quantities, and their distributional effects, (2) offshore and domestic tax compliance and inequality. I elaborate on each of these topics below, (3) how different systems to collect taxes or disburse transfers affect businesses and labor markets, respectively, and (4) labor supply and demand responses to income taxation. I will elaborate on each of these areas below, starting from the most recent to the oldest projects.

First, after finishing the Ph.D.—and urged by the lack of access to the tax records used in my thesis because of COVID—I decided to purchase retail scanner data from Argentine supermarkets which has allowed me to expand my agenda substantially in new, exciting, and timely directions. With rampant inflation, many countries are either implementing or considering cutting Value-Added Tax (VAT) rates on basic necessities on a scale not seen before to help the vulnerable cope with the soaring cost of living. One of my job market papers, **"Can VAT Cuts on Foodstuffs Dampen the Effects of Inflation? Quasi-Experimental Evidence from Argentina"**, analyzes a *temporary* 21 percentage point VAT cut on basic food necessities whose pass-through to prices was encouraged by the government to be 100% for the VAT cut and, for some products, mandated to be no more than 33% for the VAT increase. Our evidence suggests that governments can use VAT cuts and tax incidence mandates to mitigate the effects of inflation on purchasing power. However, while the policy goal was to guarantee access to necessities for low-income households in a period of high inflation, we find that the pass-through rate of the VAT cut in chain supermarkets was more than double (85%) that of independent supermarkets (35%) where, we show, low-income households are more likely to shop at. Therefore, while such policies can be effective at lowering prices, the distributional effects can be unintended, in part because we do not yet fully understand tax incidence, which calls for further investigation of its underlying mechanisms.

Relatedly, I am working on a new project that studies the **"Efficiency and distributional effects**

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**of price controls in the supermarket sector"** in a setting of high inflation. We use an event study approach that exploits quarterly updates of a basket of about 500 barcodes subject to price controls. We find that price controls are effective at holding prices fixed and observe a high rate of compliance. However, prices revert to slightly higher levels once a given barcode is no longer subject to price controls, suggesting that such interventions do not have any long lived effects on inflation. Surprisingly, we find little evidence of wide-spread shortages due to the introduction of price controls. Instead, we observe a large increase in quantities purchased, which double on average, as price controls keep prices lower relative to other goods. Lastly, the policy seems to have no distributional effects since it benefits rich and poor households equally.

Second, I have recently contributed to the tax compliance and inequality literature with three papers (and a spin-off in progress). My second job market paper, **"Revealing 21% of GDP in Hidden Assets: Evidence from Argentina's Tax Amnesties"** (*submitted*), studies the effectiveness of tax amnesties and their impacts on capital taxation and public spending. We leverage rich policy variation from Argentina, where left- and right-wing governments implemented multiple programs and achieved varying degrees of success. We use detailed data from tax tabulations spanning two decades and obtain three key results. First, despite substantial offshore tax evasion and numerous failed efforts, declared foreign assets quadrupled after the 2016 scheme in which Argentines revealed assets worth 21% of GDP—dubbed the world's most successful tax amnesty. Second, disclosures were extensive among the wealthiest 0.1% of individuals, who more than doubled their declared assets. This enabled Argentina to raise revenue by levying taxes on offshore wealth, making the tax system more progressive. Third, improving tax compliance had sizable fiscal externalities on capital taxes and social transfers: the wealth and capital income tax bases more than doubled, and the amnesty's earmarked revenue boosted pension benefits by 15%. We argue that Argentina's 2016 amnesty was successful thanks to four main factors. First, well-designed tax incentives that enticed disclosures and rewarded compliant taxpayers to avoid offsetting tax morale. Second, information exchange agreements with critical players like Uruguay, Switzerland, and the United States, made the perceived threat of detection more credible. Third, a favorable political economy, with a pro-market and business-friendly president leveraging wealthy Argentines' trust to implement an amnesty program and garnering taxpayer support by presenting it as a pension reparations program for older citizens. Fourth, a massive advertising campaign made the program salient and simplified the disclosure process.

I am also contributing to the article **"Taxing the Rich in Developing Countries: Lessons from Latin America"** (join with Marcelo Bergolo and Juliana Londoño-Vélez) in preparation for the *Oxford Review of Economic Policy*, edited by İrem Güçeri and Joel Slemrod. Progressive direct taxes on personal income and wealth could help developing countries address their high inequality and raise tax revenue. However, the region faces specific hurdles in terms of administration and enforcement, including high informality, limited administrative resources, and weak enforcement capacity. Drawing from the specific experience of Latin America, the article presents key stylized facts, discusses the main factors eroding tax collection and redistributive capacity based on credible research on responses of wealthiest people to taxation, and identifies a set of requirements that would be needed to tax the rich in developing countries.

On a more domestic domain, my paper **"Design of Two-Stage Experiments with an Application to Spillovers in Tax Compliance"** (*submitted*) develops an econometric framework to design and conduct field experiments for estimating spillover effects. A key methodological contribution is to derive an asymptotic distributional approximation and variance formulas to conduct power, sample size and minimum detectable effects calculations for general multi-treatment experimental designs where units are grouped into mutually exclusive clusters. We improve upon existing methods by allowing for heteroskedasticity, intra-cluster correlation and cluster size heterogeneity, which are typically ignored when designing experiments. We show that ignoring these factors can severely overestimate power and underestimate minimum detectable effects. We then apply our methods to the design of a large-scale randomized communication campaign in a municipality of Argentina to estimate total and neighborhood spillover effects on property tax compliance. Besides the increase in tax compliance of individuals directly targeted with our mailing, we find evidence of spillover effects on untreated neighbors in street blocks where a high proportion of taxpayers were notified.

In ongoing work at the same municipality, we are interested in understanding whether progressivity increases property tax compliance and, in particular, whether this is due to fairness concerns or to an anti-rich feeling. To this end, we will combine a recent textbook reform—which made the property tax rates progressive—with a large-scale randomized information campaign that will let us test different mechanisms along the income distribution.

Third, I am interested in understanding how the way means-tested transfers are disbursed can affect wage earners, and how the way taxes are collected can ease the burden of tax administrations and increase firms' tax compliance.

An important and recent debate in Economics has to do with the economic incidence of means-tested transfers to low-income workers (i.e., whether employers capture part of transfers like the US EITC by lowering wages). In **"Wage effects of Employer-Mediated Transfers"** (R&R at *JEEA*), we explore whether the way in which tax credits are disbursed affects the gross wage of workers. We exploit an unusual reform in Argentina that shifted the *disbursement responsibility* of child benefits from employers to a government agency in staggered fashion, from 2003 to 2010. Using population-wide administrative data and an event-study approach based on firms' switching date (which was set by the government), we show that the way tax credits are disbursed matters for the final economic incidence. Our evidence suggests that employers capture about 6-14 percent of the transfers through lower wages when they mediate the payments. We argue that in the firm-based system, transfers were likely understood as part of the starting compensation package and employers exploited this confusion to extract rents. Our findings therefore accord with the hypothesis that transfers are not *entirely* captured dollar for dollar by workers. More generally, this paper suggests that relying on firms as mediators in the tax-benefit system could have unintended consequences; as less salient schemes may lead to rent capture.

The question of how business taxes should be collected is also at the forefront of tax authorities' debates. In **"Firms as Tax Collectors"** (*submitted*) we show that delegating tax collection duties to large firms can help build tax capacity in weak-enforcement settings. We exploit two reforms in Argentina that dramatically *expanded* and subsequently *reduced* turnover tax withholding by large firms and banks, respectively. Combining firm-to-firm data with regression discontinuity and difference-in-differences methods around revenue eligibility thresholds we find that: (i) large firms appointed as collection agents (CAs) are not affected by that task, (ii) firms commercially linked to CAs self-report more sales by 5.8 percent in response to higher withholding, and (iii) firms respond symmetrically to a decrease in withholding by reporting lower sales. Although our setting precludes us from disentangling the role of withholding vis-a-vis information reporting—as CAs do both simultaneously—the joint effect is of first-order policy interest as implementing or expanding withholding typically encompasses both features. Our findings suggest that using large firms and financial institutions to withholding taxes at source can be an effective tax collection tool that boosts compliance and tax revenue.

Fourth, in two related projects I seek to understand how income taxation might distort the decision to work and how employers might ease these choices and respond to them. One project is in Argentina and the other one in France, both with highly regulated labor markets.

Recently, the taxation of high earners has received a lot of attention due to rising income inequality. A central question is whether taxing them more would discourage work. My former Ph.D. job market paper, **"It Takes Two to *Tango*: Labor Responses to an Income Tax Holiday in Argentina"**, studies intertemporal real labor responses of high-wage earners to a large quasi-randomized 2.5 year-long income tax holiday in Argentina. Eligibility was based on whether *past* wage earnings were below AR$ 15,000 ($\sim$85th percentile) creating a discontinuity that treated workers who coexist in the same labor market (even in the same firm) with sharply different marginal and average tax rates (0% for workers below 15k). Using rich population-wide administrative data and a regression discontinuity design, we estimate a very precise small wage earnings elasticity of 0.017 to a large, salient, and temporary income tax change. Responses are larger for more flexible outcomes (overtime hours) and more elastic groups (switchers and managers). We also find avoidance responses from new entrants for whom eligibility was based on the *first* monthly wage, allowing workers to coordinate with employers to enter strategically below 15k to avoid taxes. With a higher internal validity, our findings challenge the standard model of labor supply and demand and suggest rigidities in the labor market in which employee-employer cooperation is needed for wage earners to respond to taxes.

In ongoing work, I am studying the effects of taxing and de-taxing overtime hours by exploiting a series of reforms in France to identify the elasticities of the demand and supply of overtime work. We use linked employer-employee data, administrative data on payroll taxes, and survey data on paid versus unpaid overtime hours to examine the effects of firm- and employee-side taxation on overtime hours, firm-level employment, and the probability of firms to report overtime hours. While overtime work can potentially affect overall employment and firms' capacity to react to shocks, it remains unclear what drives the demand and supply of overtime. Our project seeks to explore these channels.