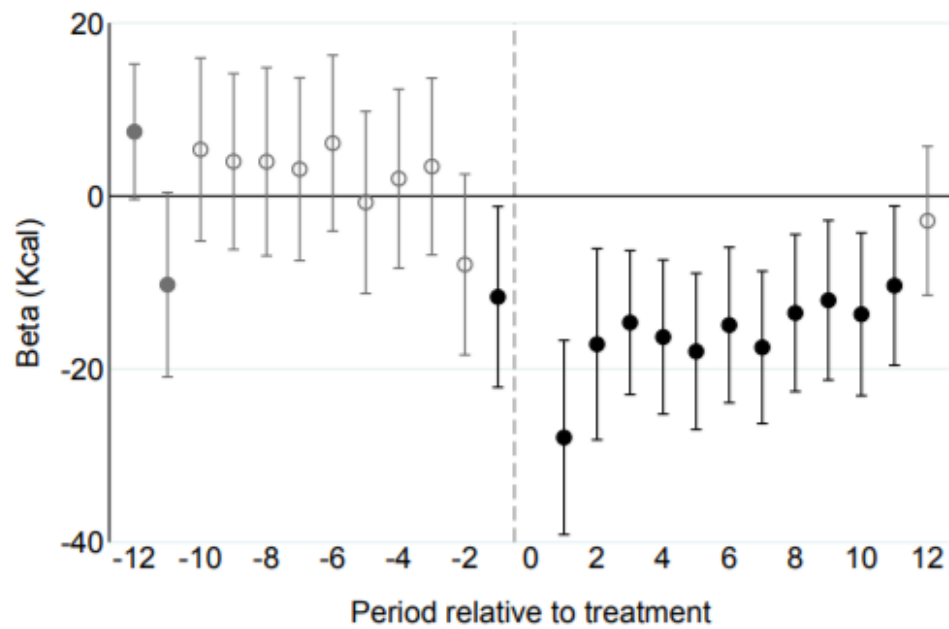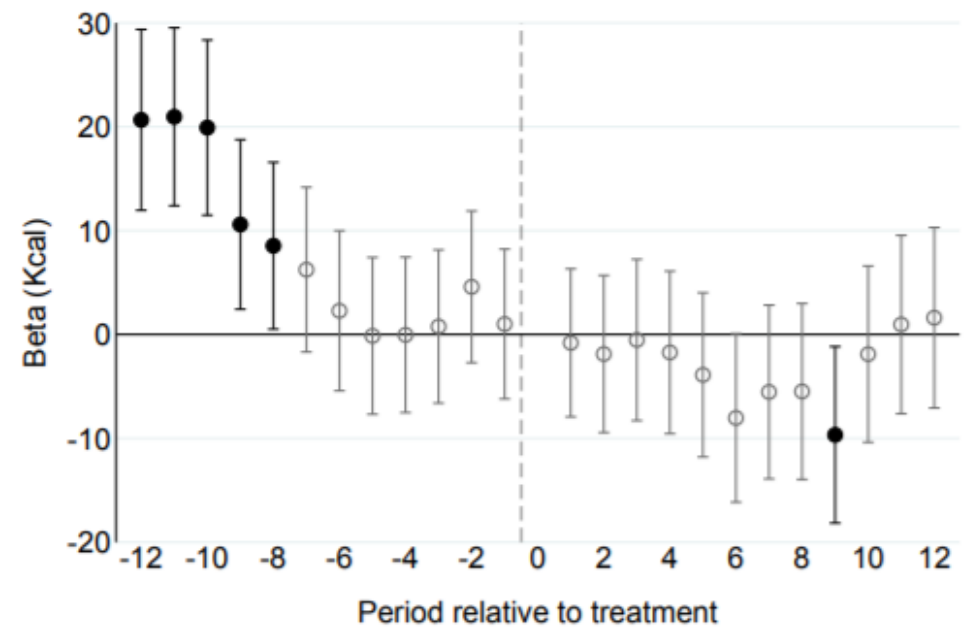(a) Taxed Drinks

(b) Taxed Foods

Note: This Figures presents difference in difference (DID) plots by months before and after the tax started being collected (at January 2014). Since the tax was national, there is clean unaffected control group. To the empirical strategy is to compare a group that was "more exposed" to the tax vs those that was "less exposed". We use the average consumption of calories in 2013 from TD (and respectively from TF) to define these groups. In particular, for TD the "more exposed" group is the 70% of households that consumed more calories from TD, and the "less exposed" group is the 30% of households that consumed less calories from TD in 2013 (for TD the numbers are 20 and 30). We view these graphs as descriptive and tentative, as DID requires further assumptions for a causal interpretation when the control group is also (partially) treated. We estimate the

following regression by OLS: $C_{it}^k) = \alpha_i + \gamma_t + \sum_{j=-12}^{12} \beta_k T_i \times I(t=j) + \nu_{it}$, separately for TD and TF calories where $T_i = 1$ if

i is in the "more exposed" group and $T_i = 0$ if i is in the "less exposed" one. For this estimation we drop households which are not in one of these two groups. C^k is weekly calories of either TD or TF purchased by households in a month, α_i are household fixed effects and γ_t are month fixed effects. Panel (a) plots the $\hat{\beta}_j$'s from the regression for calories from TD, while panel (b) does it for TF. The x-axis measures time. It is normalized so that 1 represents the January 2014. We omitted December 2013. Therefore $\hat{\beta}_j = 0$ for all $t < 0$ is a test of parallel pre-treatment trends.