

Research Proposal: The Inheritance Tax in Germany, Pre- and Post-Notched Taxation

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1 Introduction

Will be using R for this project Best and Kleven (2014)

1.1 Brief Overview of German Tax Scheme

1.2 How Do Notches Differ Than Kinks?

2 Research Question

State the question

Value of the assets minus the allowance of:	Tax Class I				Tax Class II	Tax Class III
	Parnters	Children	Grandchildren	Parents	Siblings	all others
	307,000 €	205,000 €	51,200 €	51,200 €	10,300 €	5,200 €
	Tax rate with assests up to and including					
52,000 €			7%		12%	17%
256,000 €			11%		17%	23%
512,000 €			15%		22%	29%
5,113,000 €			19%		27%	35%
12,783,000 €			23%		32%	41%
25,565,000 €			27%		37%	47%
25,565,000 €			30%		40%	50%

Figure 1: made by authors [More Detail here](#)

Value of the assets minus the allowance of:	Tax Class I				Tax Class II	Tax Class III
	Parnters	Children	Grandchildren	Parents	Siblings	all others
	500,000 €	400,000 €	200,000 €	100,000 €	20,000 €	20,000 €
	Tax rate with assests up to and including					
75,000 €			7%		30%	30%
300,000 €			11%		30%	30%
600,000 €			15%		30%	30%
6,000,000 €			19%		30%	30%
13,000,000 €			23%		50%	50%
26,000,000 €			27%		50%	50%
26,000,000 €			30%		50%	50%

Figure 2: made by authors [More Detail here](#)

Value of the assets minus the allowance of:	Tax Class I				Tax Class II	Tax Class III
	Parnters	Children	Grandchildren	Parents	Siblings	all others
	500,000 €	400,000 €	200,000 €	100,000 €	20,000 €	20,000 €
	Tax rate with assests up to and including					
75,000 €			7%		15%	30%
300,000 €			11%		20%	30%
600,000 €			15%		25%	30%
6,000,000 €			19%		30%	30%
13,000,000 €			23%		35%	50%
26,000,000 €			27%		40%	50%
26,000,000 €			30%		43%	50%

Figure 3: made by authors [More Detail here](#)

Justify why it is interesting: bunching, is the gov aware of this? potential to increase revenue and increase efficiency

3 State of the Art

More detail – paucity of research

Gaps in research? Connection to motivation. What has been done before, new data? Different approaches?

Methodology for answering questions – potential methods....

4 Methods

4.1 Data

4.2 Empirical Strategy

Panel B: Empirical vs. Counterfactual Density

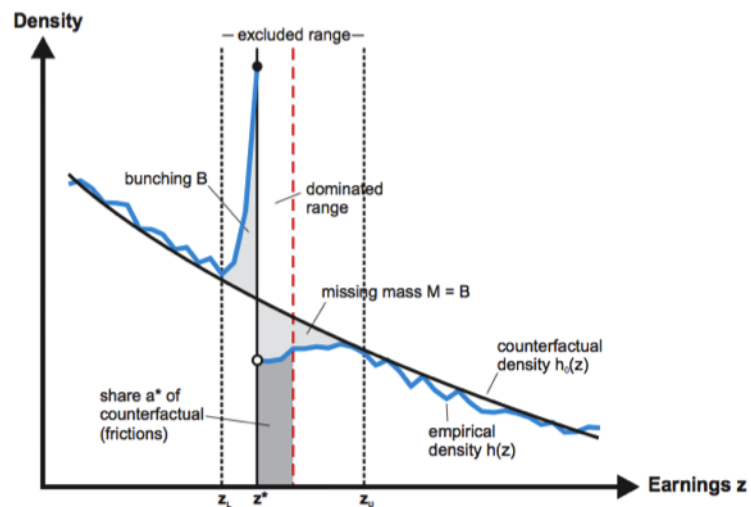


Figure 4: from Kleven Paper [More Detail here](#)

5 Questions and Limitations

Identify potential difficulties

6 Timeline: Going Forward from Here

6.1 Working Steps

6.2 Data Availability

6.3 Second Best Approach

7 A Final Note on Reproducibility

This paper was written in R Markdown language using RStudio (RStudio 2014)

References

Best, Michael Carlos, and Henrik Jacobsen Kleven. 2014. “Housing Market Responses to Transaction Taxes: Evidence from Notches and Stimulus in the UK.”

RStudio. 2014. *RStudio*. Boston, MA. <http://www.rstudio.com/>.