

Page2 Process introduction and system allocation



UNI
FREIBURG

Game 1

Flat tax
12 tasks for work choices



Game 2

Progressive tax
12 tasks for work choices



Questionnaire

Answering questions
related to you and the
experiment

The experiment including 3 parts :

- 1) The first part consists of 12 tasks of "work choices" under the context of flat tax, which will take approximately 5 minutes.
- 2) Second part consists of 12 tasks of "work choices" under the context of progressive tax, which will take approximately 5 minutes.
- 3) Third part is a questionnaire that will take approximately 5 minutes.

Page3 for UBI – Game introduction



Social model description – round 1

- You are a member of a society where everyone is engaged in **4 types of work** during **12 months**(h=completed tasks) :

Paid complex work :
Multiplication within one hundred (4000€/month)

Paid simple work :
Addition within ten (2500€/month)

Unpaid work :
Choices of 2 scenarios for unpaid work in reality.

Not working :
Enjoy a landscape photo

- If you make a mistake at work, you will only get half of the normal wage.
- There will be a **flat tax** of **0.25** applied to the wages of the 12 tasks.
- You will receive a **fixed payment (G) of 1000€** each month from the state **regardless** of your involvement in paid work.

Portion of taxable income	Tax rate	Maximum tax
Greater than 0 €	25 %	12000 €

$$I = h \times w$$

$$\pi_{UBI} = h \times w \times (1 - t) + G$$

$$T = I \times t = h \times w \times t$$

where,

G = unconditional transfer, h = hours worked, w = wage rate, t = flat tax rate, I = gross income, T = income tax, π = payoff

Page3 for WS – Game introduction



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Social model description – round 1

- You are a member of a society where everyone is engaged in **4 types of work** during **12 months**(h=completed tasks) :

Paid complex work :
Multiplication within one hundred (4000€/month)

Paid simple work :
Addition within ten (2500€/month)

Unpaid work :
Choices of 2 scenarios for unpaid work in reality.

Not working :
Enjoy a landscape photo

- If you make a mistake at work, you will only get half of the normal wage.
- There will be a **flat tax** of **0.25** applied to the wages of the 12 tasks.
- You will receive a **wage subsidy (s)** of **0.10** from the state **based on** the income from paid work.

$$I = h \times w$$

$$\pi_{ws} = \begin{cases} h \times w \times (1 + s) & \text{if } h \times w \times (1 + s) \leq 17667 \\ h \times w \times (1 + s) - t \times (h \times w - 17667) & \text{if } h \times w(1 + s) > 17667 \end{cases}$$

$$T = I \times t = h \times w \times t$$

where,

s=subsidy rate, h = hours worked, w = wage rate,

t = flat tax rate, I = gross income, T = income tax, π = payoff

Portion of taxable income	Tax rate	Maximum tax
Up to 17667 €	0 %	0 €
Greater than 17667 €	25 %	12000 €

Page3 for UBI&WS – Game introduction



Social model description – round 1

- You are a member of a society where everyone is engaged in **4 types of work** during **12 months**(h =completed tasks) :

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Choices of 2 scenarios for unpaid work in reality.

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- If you make a mistake at work, you will only get half of the normal wage.
- There will be a **flat tax** of **0.25** applied to the wages of the 12 tasks.
- You will receive a **fixed payment (G)** of **500€** each month from the state **regardless** of your involvement in paid work. Additionally, you would receive a **wage subsidy (s)** of **0.05** from the state **based on** the income from paid work.

$$I = h \times w$$

$$\pi_{UBI\&ws} = \begin{cases} \frac{G}{2} + h \times w \times (1 + \frac{s}{2}) & \text{if } h \times w \times (1 + s) \leq 17667 \\ \frac{G}{2} + h \times w \times (1 + \frac{s}{2} - t) & \text{if } h \times w \times (1 + s) > 17667 \end{cases}$$

$$T = I \times t = h \times w \times t$$

where,

G = unconditional transfer, s =subsidy rate, h = months worked,

w = wage rate, t = flat tax rate, I = gross income, T = income tax, π = payoff

Portion of taxable income	Tax rate	Maximum tax
Up to 17667 €	0 %	0 €
Greater than 17667 €	25 %	12000 €

Page28 The results of the first round of the game-UBI

The 12 tasks have concluded. Please review your payoff under the flat tax system.

Gross income I =

Income tax T =

Transfer payments received in the system = 12000€

Payoff π =

Page28 The results of the first round of the game-WS

The 12 tasks have concluded. Please review your payoff under the flat tax system.

Gross income $I =$

Income tax $T =$

Wage subsidy received in the system = $h \times w \times 0.1$

Payoff $\pi =$

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Page28 The results of the first round of the game- UBI&WS



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The 12 tasks have concluded. Please review your payoff under the flat tax system.

Gross income I =

Income tax T =

The amount received from the system = $6000 + h \times w \times 0.05$

Payoff π =

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Page29 for UBI – Game introduction – round 2



Social model description – round 2

- The same as the previous round, in the next 12 tasks, you will make choices among the four types of work.
- In this round of the game, the background will be a **progressive tax**. For specific tax rules, please see the table below.
- You will receive a **fixed payment (G) of 1000€** each month from the state **regardless** of your involvement in paid work.
- The result of payoffs and taxes from the two rounds of the game will be presented simultaneously at the end.

Portion of taxable income	Tax rate	Maximum tax
From 0 € to 32833 €	11 %	3611.63 €
Greater than 32833 €	41 %	6218.47 €

$$I = h \times w$$

$$\pi_{UBI} = h \times w \times (1 - t) + G$$

$$T = I \times t = h \times w \times t$$

where,

G = unconditional transfer, h = hours worked, w = wage rate, t = flat tax rate, I = gross income, T = income tax, π = payoff

Page29 for WS – Game introduction – round 2



Social model description – round 2

- The same as the previous round, in the next 12 tasks, you will make choices among the four types of work.
- In this round of the game, the background will be a **progressive tax**. For specific tax rules, please see the table below.
- You will receive a **wage subsidy (s)** of **0.10** from the state **based on** the income from paid work.
- The result of payoffs and taxes from the two rounds of the game will be presented simultaneously at the end.

Portion of taxable income	Tax rate	Maximum tax
Up to 17667 €	0 %	0 €
From 17667 € to 32833 €	11 %	1668.26 €
Greater than 32833 €	41 %	6218.47 €

$$I = h \times w$$

$$\pi_{ws} = \begin{cases} h \times w \times (1 + s) & \text{if } h \times w \times (1 + s) \leq 17667 \\ h \times w \times (1 + s) - t \times (h \times w - 17667) & \text{if } h \times w \times (1 + s) > 17667 \end{cases}$$

$$T = I \times t = h \times w \times t$$

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Page29 for UBI&WS – Game introduction – round 2



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$$T = I \times t = h \times w \times t$$

where,

G = unconditional transfer, s =subsidy rate, h = months worked,
 w = wage rate, t = flat tax rate, I = gross income, T = income tax, π = payoff

Page54 The results of the 2 rounds of the game-UBI



The 12 tasks have concluded. Please review your payoff under the two tax system.

Under **flat tax** system:

Gross income I =

Income tax T =

Transfer payments received in the system = 12000€

Payoff π =

Under **progressive tax** system :

Gross income I =

Income tax T =

Transfer payments received in the system = 12000€

Payoff π =

Page54 The results of the 2 rounds of the game-WS



The 12 tasks have concluded. Please review your payoff under the two tax system.

Under **flat tax** system:

Gross income I =

Income tax T =

Wage subsidy received in the system = $h \times w \times 0.10$

Payoff π =

Under **progressive tax** system :

Gross income I =

Income tax T =

Wage subsidy received in the system = $h \times w \times 0.10$

Payoff π =

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Page54 The results of the 2 rounds of the game- UBI&WS



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The 12 tasks have concluded. Please review your payoff under the two tax system.

Under **flat tax** system:

Gross income I =

Income tax T =

The amount received from the system = $6000 + h \times w \times 0.05$

Payoff π =

Under **progressive tax** system :

Gross income I =

Income tax T =

The amount received from the system = $6000 + h \times w \times 0.05$

Payoff π =

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