Globalization and Factor Income Taxation

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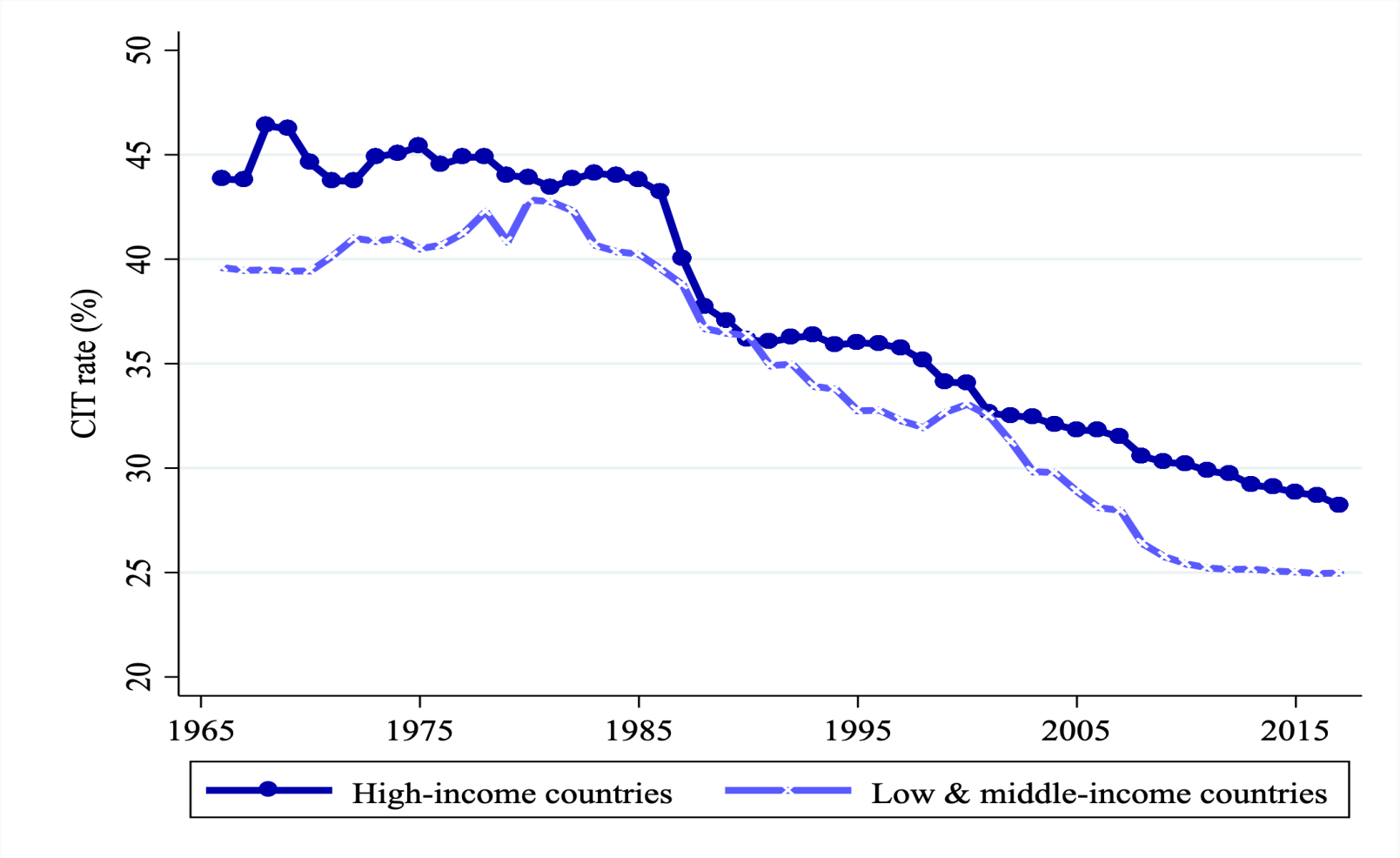
Globalization & the Taxation of Capital vs Labor

- Has cross-border integration eroded the ability to tax capital and shifted the burden onto workers?

Trends in Statutory Corporate Income Tax Rates



Plot of year fixed effects from unweighted OLS regression of CIT rate on country and year f.e. The inclusion of country f.e. eliminates the influence of changing sample composition. f.e. are normalized to equal the CIT rate level in 1965.

Globalization & the Taxation of Capital vs Labor

- Has cross-border integration eroded the ability to tax capital and shifted the burden onto workers?
- Lack of global & homogeneous series on **effective taxation** of capital and labor:
  - Limited evidence for non-OECD countries
  - Limited credible evidence on mechanisms via which globalization might impact taxation of factor incomes

This Paper

1. Constructs a new global dataset of macroeconomic effective tax rates on capital (ETR_K) and labor (ETR_L)
   - Covering $>$ 150 countries and $>$ 50 years (1965-2018)

2. Establishes novel stylized facts:
   - Global trends: effective taxation of capital & labor converged
   - Development trends: ETR_K fell in high-income countries but rose in developing countries since 1990s

3. Studies role of trade globalization:
   - trade integration $\uparrow$ ETR_L everywhere
   - $\uparrow$ ETR_K **in developing countries but not in OECD**
   - **Tax capacity channel**: trade broadens enforceable capital tax base by $\uparrow$ its visibility $\Rightarrow$ effect dominates race-to-bottom in LMICs

Literature

Globalization & Taxation

- Increased openness pushes governments to reduce taxation of mobile factor (Wilson 1999; Bates, Da-Hsiang, and Lien 1985), compensates on immobile factor (Rodrik 1997)
- Closest: Egger, Nigai, and Strecker 2019 $\Rightarrow$ in OECD countries since mid-1990s globalization led to $\uparrow$ in labor tax for the middle class and a decline for top 1%.
- Trade liberalization and tariff revenue (Baunsgaard and Keen 2009; Cage and Gadenne 2018; Buettner and Madzharova 2018)

Tax Capacity & Enforcement

- Long-term growth and openness improve tax capacity (Besley and Persson 2014; Goldberg and Pavcnik 2016)
- Importance of firm size and third-party info. for tax collection & enforcement (Pomeranz 2015; Kleven, Kreiner, and Saez 2016; Basri et al. 2019)
- Trade impact on informality (Dix-Carneiro et al. 2021; McCaig and Pavcnik 2018; Attanasio, Goldberg, and Pavcnik 2004)

Data

- Factor shares: Gollin (2002), Karabarbounis and Neiman (2014), and Guerriero (2019)
- Long-term revenue (Cogneau, Dupraz, and Mesple-Somps 2021; Albers, Jerven, and Suesse 2020)
- ETRs (Mendoza, Razin, and Tesar 1994; Carey and Rabesona 2004; McDaniel 2007)

Methodology: construction of effective tax rates

Effective tax rate on factor f $(=L,K)$, ETR_f, relates total tax revenue (T_f) raised from each factor, to its national income share (Y_f):

$$ETR_f = \frac{T_f}{Y_f} = \frac{T_f}{\theta_f Y}$$

- $T_K =$ CIT, wealth and property taxes, $\alpha *$PIT,
- $Y_K =$ corporate profits, rental income, mixed income from capital
- $T_L =$ payroll taxes, $(1-\alpha) *$PIT
- $Y_L =$ employee compensation and mixed income from labor

Note: Indirect taxes excluded (assumed proportional)

ETR_f captures the macro-economic effective taxation of factors, based on realized tax revenues ('backward-looking'). ▸ details ▸ allocation

Database construction

We build two new databases, which allows us to measure ETRs for >150 countries since 1965 (or independence / post-conflict)

Harmonized national accounts database:

- Compiled from UN SNA 2008 & UN SNA 1968 archives ⇒ increase in coverage over time & space compared to Karabarbounis and Neiman 2014
- Known difficulties to measure labor share of mixed income: adjust with latest method using X's of self-employed (Gollin 2002, ILO 2019).
- Complete and balance panel using imputations à la Blanchet-Chancel (2016)

Harmonized tax revenue database:

- Compiled from OECD, ICTD + archival records
- Separates PIT from CIT, includes social security & decentralized revenue
- Website with full dataset (`http://globaltaxation.world`) & working on country case-studies

▸ data sources ▸ coverage

Tax revenue data: Historical archives (40% of obs)

Table 84.—CONSOLIDATED RECEIPTS OF THE BUREAU OF INTERNAL REVENUE AND THE BUREAU OF CUSTOMS: 1958 TO 1968

(In thousand pesos)

Period	Total[1]	Import duties[2]	Excise tax	Business taxes	Income tax war profits tax	Other taxes[3]	Amount apportioned to local government	Other receipts[4]
1958	738,365	164,208	257,805	160,652	163,149	33,716	(69,286)	28,121
1959	827,229	204,468	260,823	170,713	194,309	40,241	(67,282)	23,957
1960	964,268	237,506	275,675	215,925	265,697	39,150	(95,806)	26,121
1961	1,066,370	285,364	286,876	270,767	277,008	39,516	(119,687)	26,526
1962	1,232,426	329,558	312,810	329,719	324,469	53,002	(138,733)	31,601
1963	1,461,313	396,461	354,677	391,841	397,919	61,880	(179,952)	38,487
1964	1,603,186	409,394	362,980	459,813	448,201	60,883	(215,128)	77,043
1965	1,598,175	357,058	334,739	436,263	495,590	70,573	(217,614)	121,566
1966	1,796,688	410,374	384,348	518,915	482,829	79,360	(220,734)	141,596
1967	2,092,313	509,799	401,663	625,862	611,916	87,639	(303,495)	158,834
1968	2,396,999	605,507	463,598	683,753	762,981	98,525	(376,712)	154,147

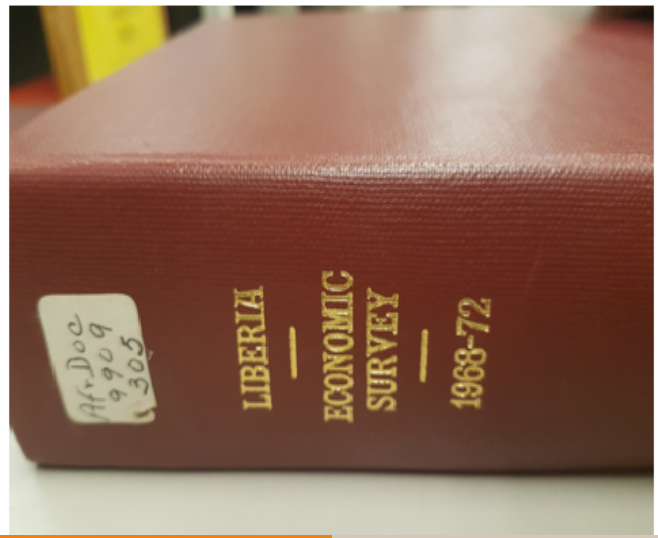
1/ Includes refund of prior year's income.

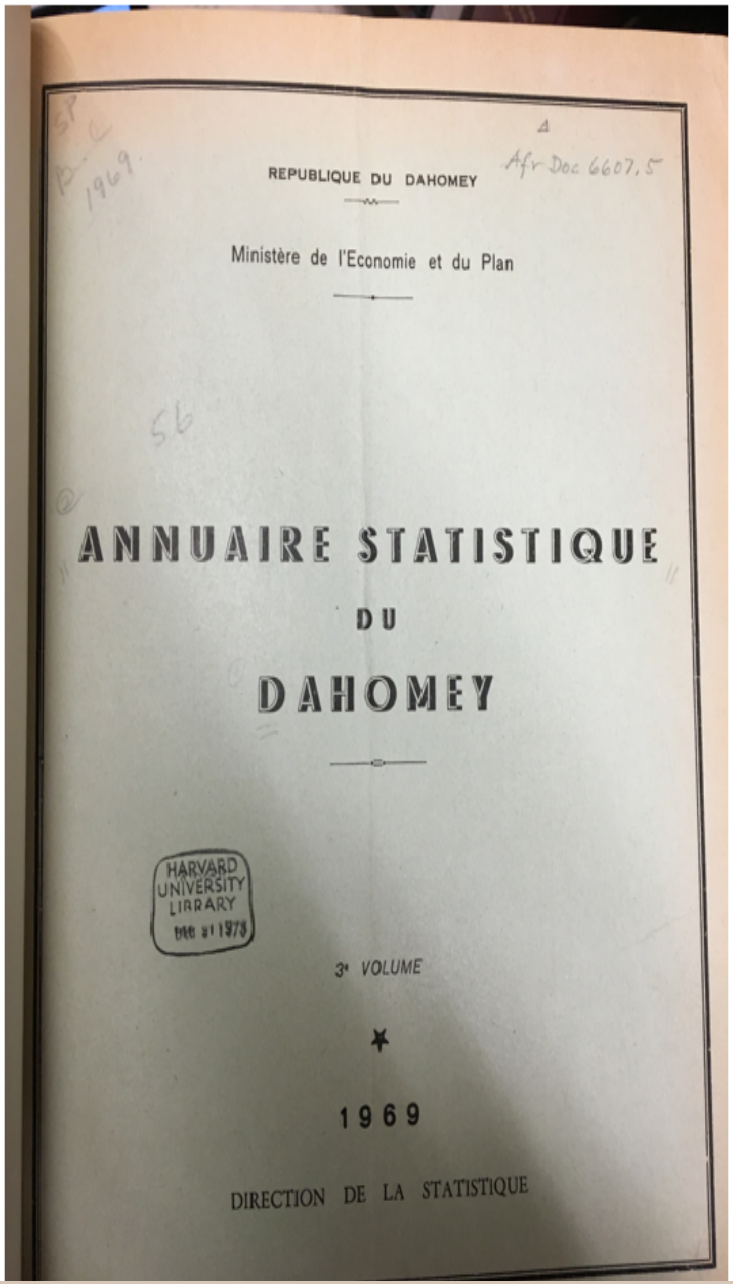
2/ Includes fines and forfeitures.

3/ Consist of franchise tax; documentary stamp tax; tonnage dues; residence tax; estate, inheritance and gift taxes; revenue from public forest; up to December 31, 1963, of tonnage dues.

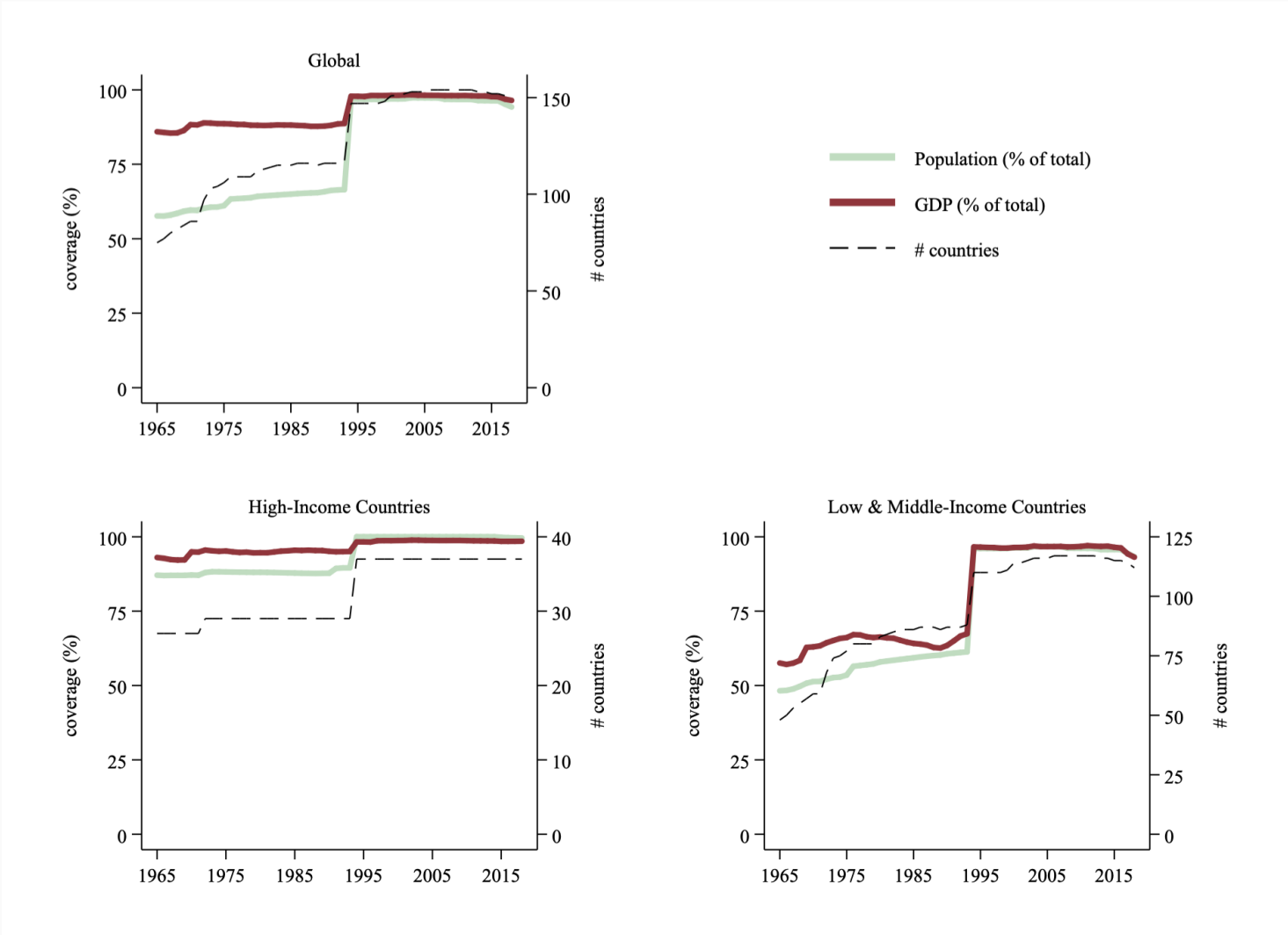
4/ Consist of incidental revenue and other credits, receipts automatically appropriated and receipts of the special fund, other than excise taxes; and starting from January 1, 1964 of tonnage dues.

Source: Central Bank of the Philippines; Statistical Bulletin, December 1968, Vol. XX, No. 4.

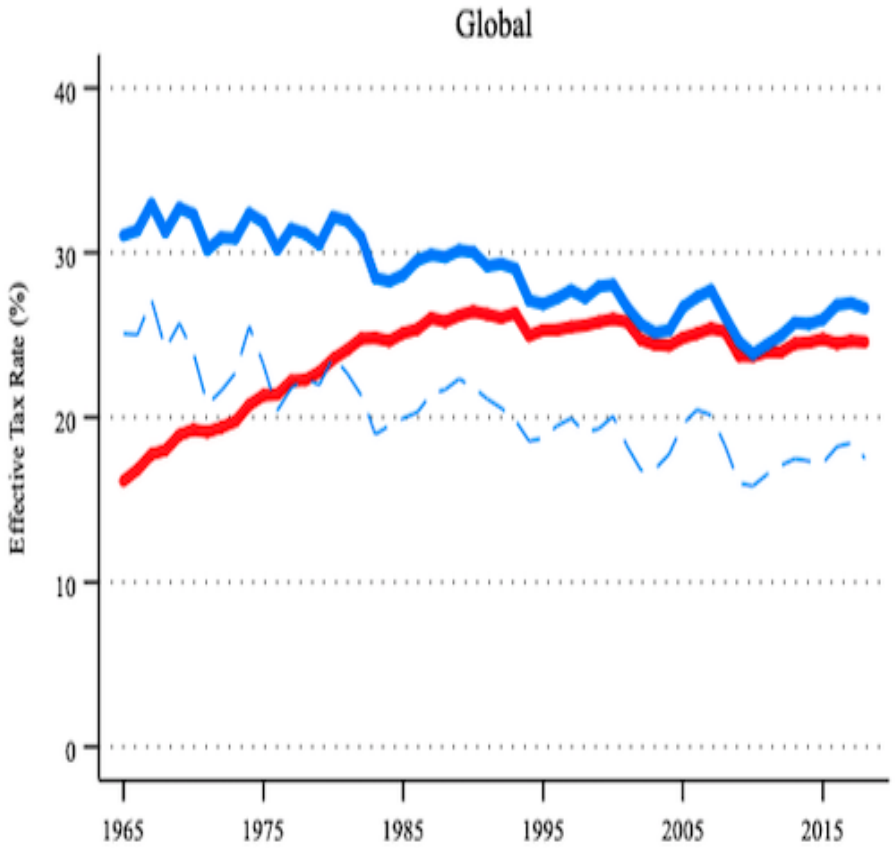




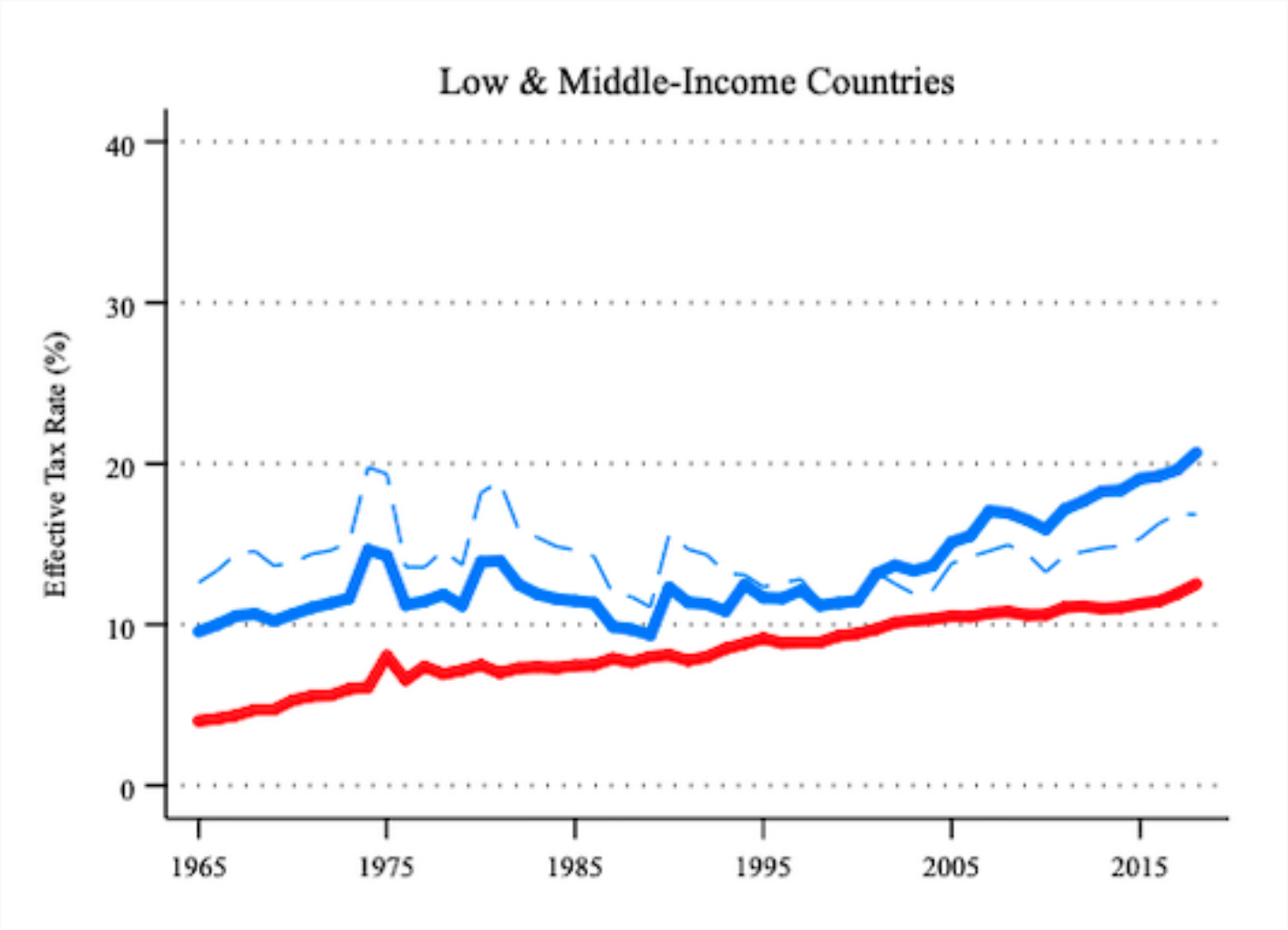
Data Coverage of Effective Tax Rates



Global trends in ETRs, 1965 - 2018



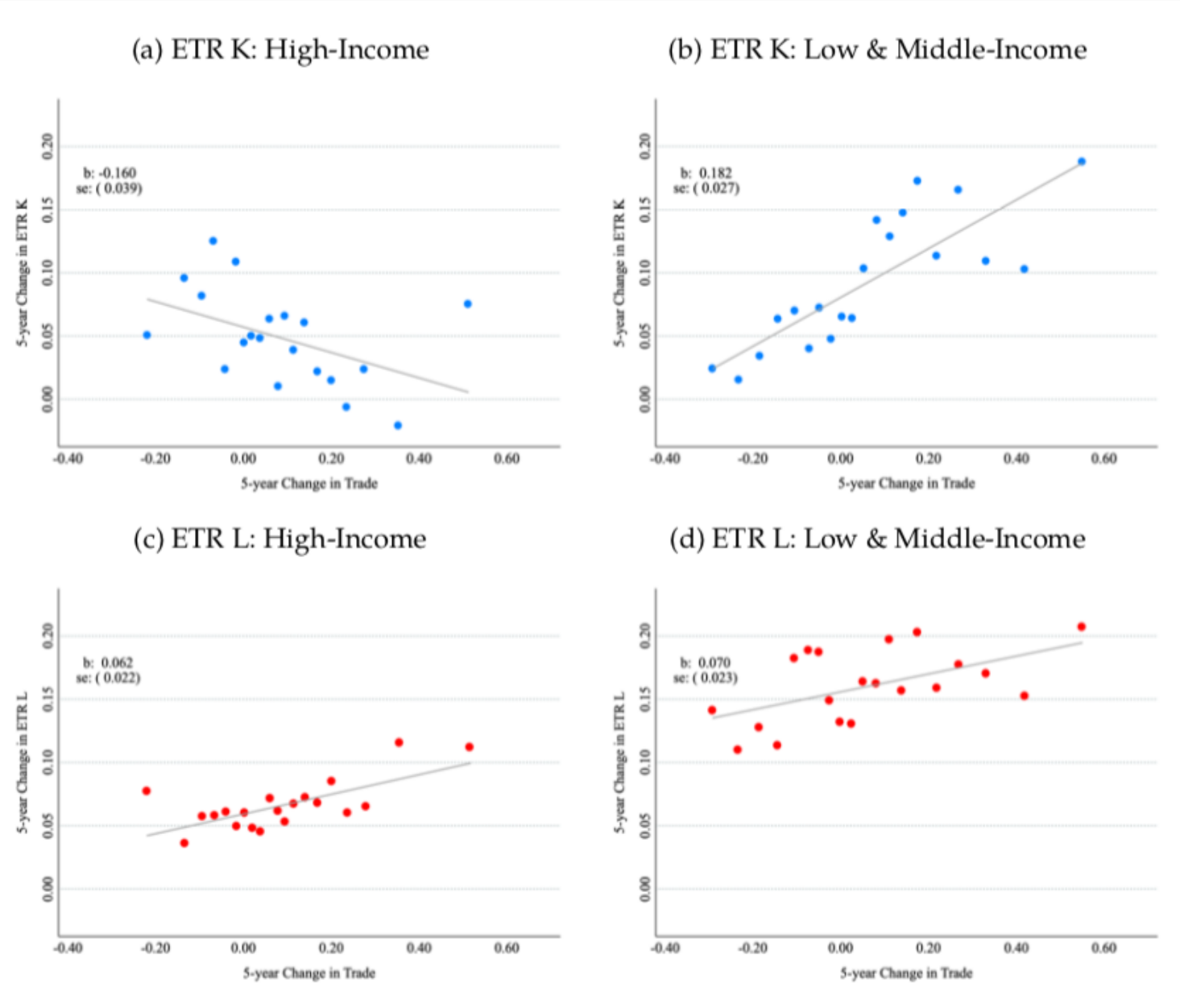
Global trends in ETRs, 1965 - 2018 (LMICs)



Role of trade openness in determining trends

- In high-income countries, changes in factor taxation are consistent with cross-border mobility
  - Trade integration limits the taxation of the mobile factor
- In developing countries, trends are starkly different, & ETR_K rises simultaneous to the 1990s "hyper-globalization" wave:
  - Motivates the analysis of trade openness on factor taxation
- Implement three distinct empirical strategies:
  - (1) Times series correlations
  - (2) Event-studies centered around trade liberalization reforms
  - (3) Instruments for trade following Egger, Nigai, and Strecker 2019
  - + study of capital liberalization events

Panel OLS: Heterogeneity by development level



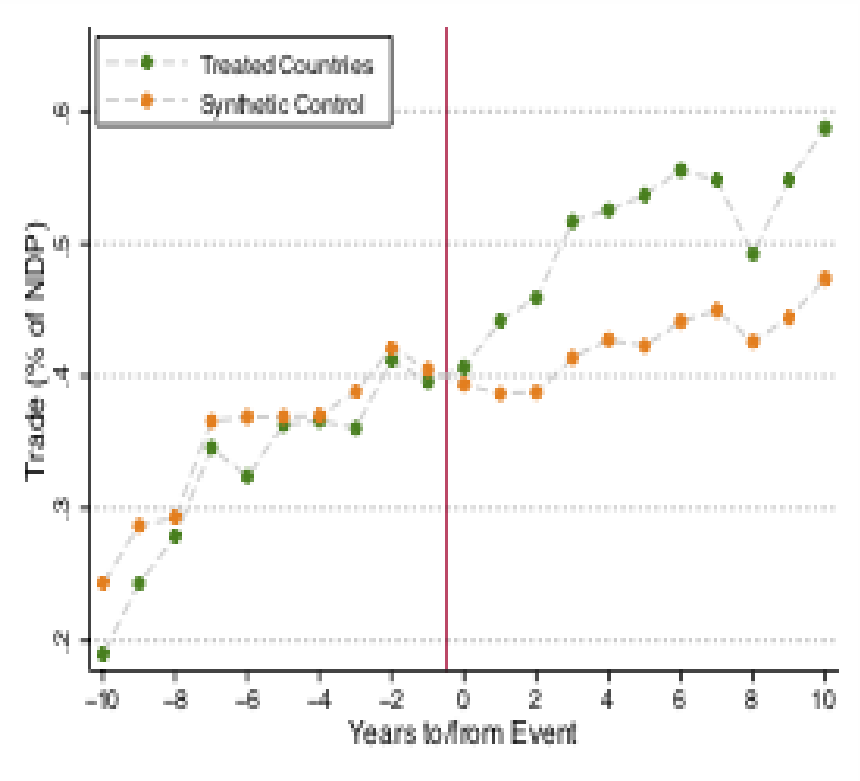
Event studies around large tariff cuts

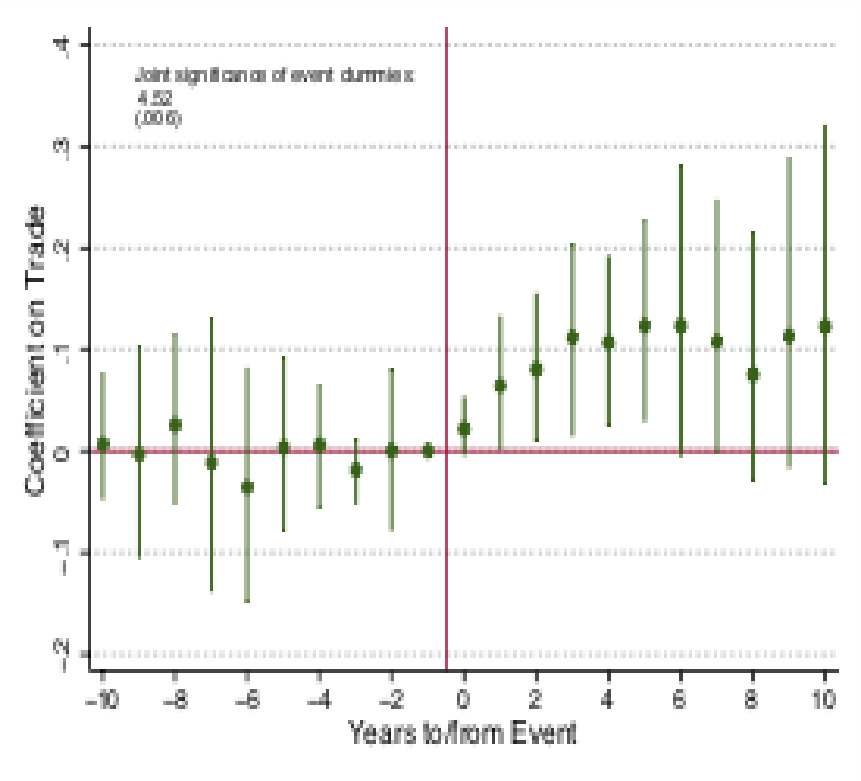
- Focus on large trade liberalization events in key dev. countries
- Choice of events based on Goldberg and Pavcnik (2006, 2016) + China's WTO accession (Brandt et al., 2017).
  - Colombia 1985; Mexico 1985; Brazil 1988; Argentina 1989; India 1991; Vietnam 2001; China 2001
  - Characterized by large reductions in tariff rates:
    - Brazil 59% to 15%; India 80% to 39%; China 48% to 20%
- Construct synthetic control country for each country-event and each outcome (Abadie et al., 2010)
  - Estimate dynamic regression model

$$Y_{it} = \sum_{j=-10, j\neq -1}^{10} \mu_j * \mathbb{1}(j = t)_t * D_i + \theta_t + \kappa_i + \pi_{Year(it)} + \epsilon_{it}$$

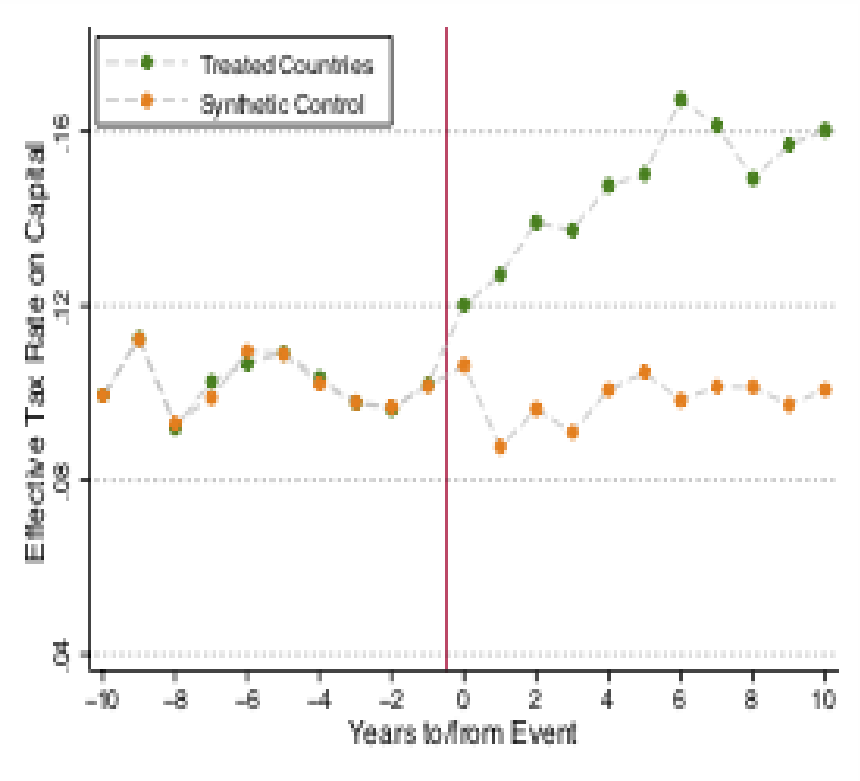
  - Robustness: match on all outcomes simultaneously

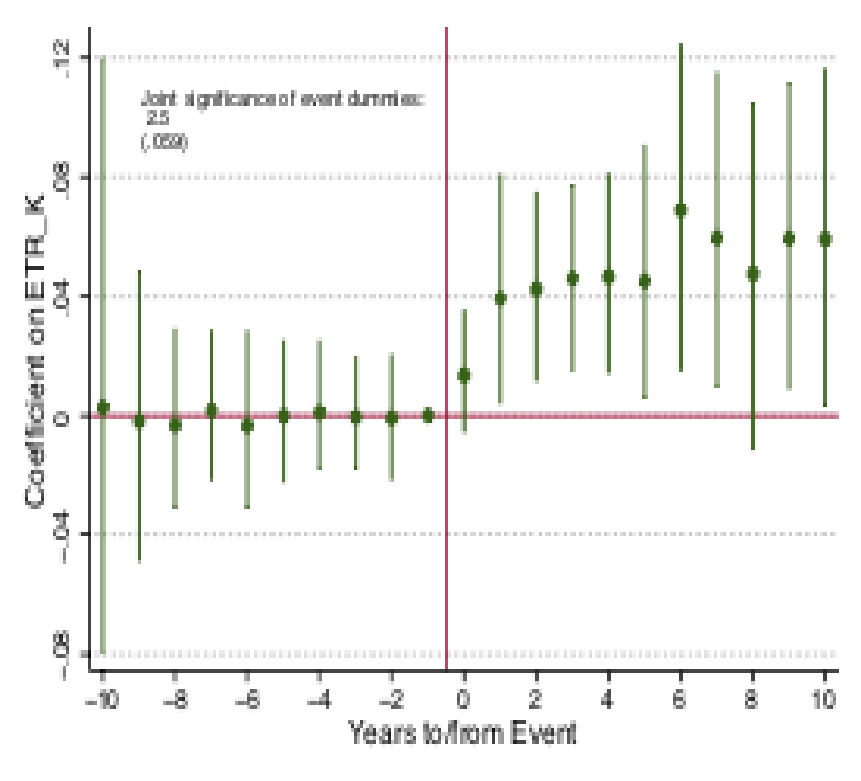
Event study impact on trade openness



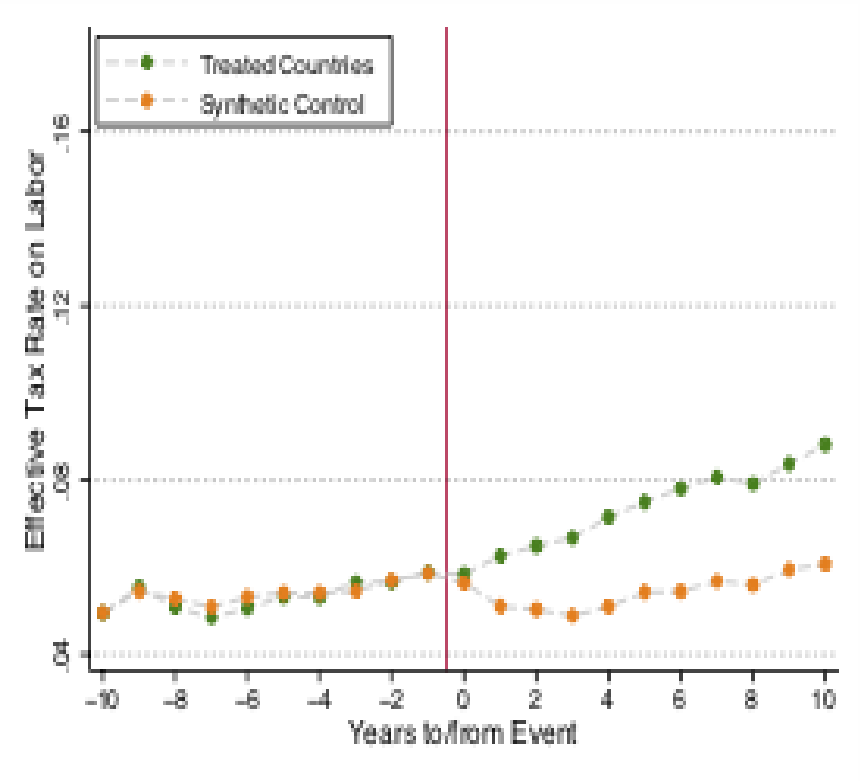


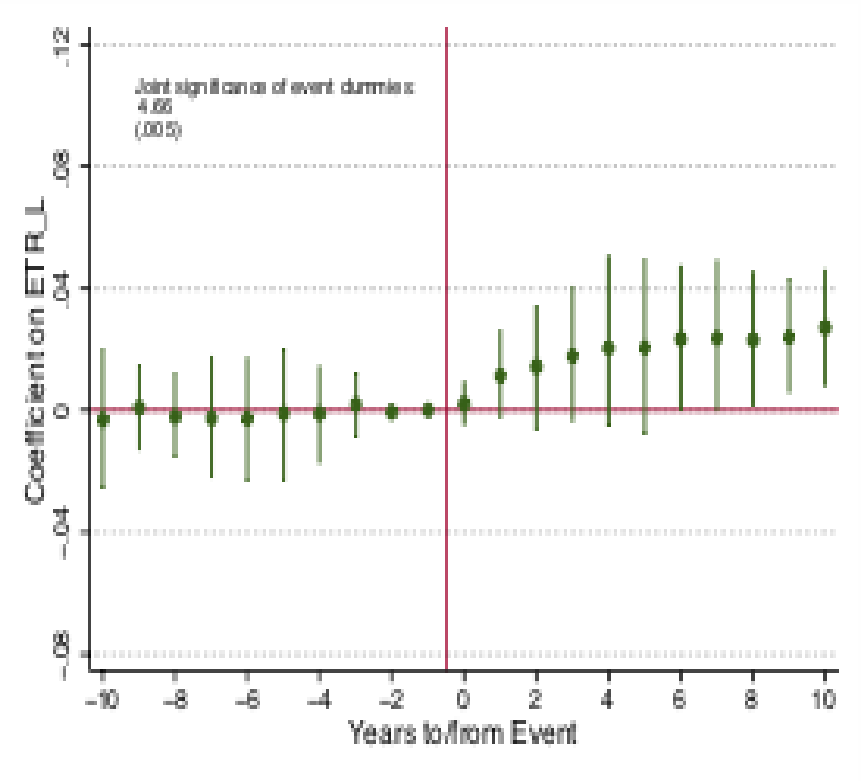
Event study: impact on effective tax rate on capital





Event study: impact on effective tax rate on labor





Instrumenting for trade

- Event-studies in specific developing countries, & magnitude of impacts not solely trade related (events don't occur in vacuum)
  - Motivates more general estimation
- We estimate versions of the regression model

$$y_{ct} = \mu * trade_{ct} + \Theta * X_{ct} + \beta_c + \pi_t + \epsilon_{ct}$$

- Use the 2 instruments from Egger, Nigai, and Strecker 2019
  1. Instrument I: Quantitative trade model; uses variation in average bilateral trade frictions between country-pairs
  2. Instrument II: Time-series variation in global oil prices interacted with country-specific geographical features

▸ Instrument I: Details ▸ Instrument II: Details ▸ Relevance of instruments

IV: Trade Impacts on Factor Share and Factor Taxation

	Capital Share		Effective Tax Rate		
	overall	corp. sector	labor	capital	corp. profit
Panel A: OLS					
Trade	0.0195*	0.0217	0.0246**	0.0168	0.0120
	(0.0109)	(0.0148)	(0.0101)	(0.0302)	(0.0220)
Panel B: IV estimate (NDP-weighted)					
Trade	0.151**	0.184**	0.163***	0.375*	0.342***
	(0.0698)	(0.0800)	(0.0538)	(0.213)	(0.121)
First-stage F-statistic	26.07	26.07	26.07	26.07	26.07
Panel C: IV estimate (unweighted)					
Trade	0.118*	0.122	0.133**	0.250**	0.359***
	(0.0681)	(0.0826)	(0.0526)	(0.105)	(0.0870)
First-stage F-statistic	8.42	8.42	8.42	8.42	8.42
Panel D: IV estimate (NDP-weighted, with controls)					
Trade	0.115**	0.142**	0.226***	0.400***	0.205*
	(0.0475)	(0.0546)	(0.0551)	(0.112)	(0.129)
First-stage F-statistic	19.02	19.02	19.02	19.02	19.02
N	*4518*	*4518*	*4518*	*4518*	*4518*

IV Results and mechanisms

- An increase in trade openness causes both the capital share of national income and ETR_K to increase
  - Positive but less pronounced effect on ETR_L
  - Consistent with findings from first two research designs
  - Results are robust to a battery of checks

- Mechanisms: stylized setting to fix ideas:

$$ETR_f = \frac{T_f}{Y_f} = \frac{\tau_f * Y_f^{Enforce}}{Y_f} = \tau_f * \theta_f^{Enforce}$$

- **Efficiency hypothesis** τ_f: Cross-border integration makes capital relatively more mobile than labor
  - To prevent its flight, government limits τ_K (race-to-the-bottom)
  - To balance the budget, government increases τ_L

Mechanism: Tax Capacity Hypothesis ($\theta_f^{Enforce}$)

Tax capacity hypothesis $\theta_f^{Enforce}$: Openness changes firms and labor market structures thus relaxing enforcement constraints

- Trade induces adoption of modern accounting practices, extends value chains, $\uparrow$ firm size $\Rightarrow$ makes the tax base enforceable

Motivated by two distinct strands of research:

- PF/Development lit. shows that enforcement is only successful in larger firms with complex operations & many employees
- Trade lit. finds that openness can cause a rise in firm size within the formal sector (but debates on overall worker informality).

IV: Mechanisms

	OLS	IV		
		Weighted	Unweighted	Controls
	(1)	(2)	(3)	(4)
CIT rate	-0.002	-0.064***	-0.051*	-0.061***
	(0.003)	(0.017)	(0.028)	(0.017)
Self-employment	-0.0117	-0.220*	-0.185***	-0.174***
	(0.0145)	(0.126)	(0.0460)	(0.0560)
Corporate profits	0.0339***	0.175**	0.124***	0.206***
	(0.0128)	(0.0767)	(0.0321)	(0.0726)
Employee compensation	0.00848	-0.0749	-0.0964	0.0485
	(0.0175)	(0.0904)	(0.0669)	(0.0785)
Mixed income	-0.0231	-0.0685	-0.0391	-0.202**
	(0.0182)	(0.105)	(0.0301)	(0.0816)

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	(0.0182)	(0.105)	(0.0301)	(0.0816)

IV: Heterogeneity by Development Level

	ETR_K	ETR_L	CIT-rate	K-share	SE-share	Corp-Share
	(1)	(2)	(3)	(4)	(5)	(6)
Trade	0.444**	0.145	-0.043*	0.182**	-0.252**	0.219***
	(0.181)	(0.093)	(0.024)	(0.077)	(0.107)	(0.063)
Trade$*\mathbb{1}$(H-Inc)	-0.441	0.120	-0.032	-0.219	0.232	-0.298
	(0.347)	(0.194)	(0.047)	(0.137)	(0.209)	(0.143)
Trade in H-Inc	0.003	0.265**	-0.075***	-0.036	-0.021	-0.079
Implied coefficient	(0.231)	(0.122)	(0.457)	(0.083)	(0.151)	(0.102)
N (country-years)	*4518*	*4518*	*3810*	*4518*	*4518*	*4518*

IV: Impacts on Tax Revenue

Trade Impacts by Tax Source (% of GDP) and Development Levels

	CIT	Prop. & Wealth	Total Capital Taxes	PIT	Payroll Taxes	Total Labor Taxes	Total Taxes
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Trade	0.102***	0.025	0.168***	0.010	0.054	0.086	0.241**
	(0.028)	(0.024)	(0.061)	(0.024)	(0.045)	(0.060)	(0.117)
Trade$*\mathbb{1}$(High-Inc)	-0.127**	-0.012	-0.188	-0.060	0.089	0.063	-0.281
	(0.060)	(0.042)	(0.121)	(0.061)	(0.092)	(0.133)	(0.267)
Implied coef. for Trade in High-Inc	-0.025	0.012	-0.019	-0.050	0.144**	0.150*	-0.039
	(0.035)	(0.026)	(0.077)	(0.041)	(0.056)	(0.090)	(0.200)
N	*4518*	*4518*	*4518*	*4518*	*4518*	*4518*	*4518*

Summary of trade impact on factor taxation

- Three distinct empirical designs point to robust patterns:
  - Positive effect of trade on K-taxation in developing countries
  - Stronger shift to L-taxation in rich countries
- Trade impacts factor taxation through countervailing forces:
  - Statutory CIT rates fall everywhere ("race-to-the-bottom")
  - But base expansion dominates in dev. countries (only)
  - Helps rationalize differential trends in ETR_K by dev-level
- Back-of-the-envelope role of trade in explaining stylised facts
  - The long-run increase in trade openness can account for a 35% of the rise in ETR_K in developing countries

Conclusion: Nuanced Impacts of Globalization

New global database documents long-run trends in factor taxation

- Globally convergence of ETR_K and ETR_L
- Heterogeneity in capital taxation in rich vs LMICs

Study effects of trade globalization on ETRs:

- Both ETR_K and $ETR_L \uparrow$
- Race-to-the bottom in statutory tax rates
- We highlight new channel: expansion of base via tax capacity effect, which empirically dominates in dev. countries

Globalization thus has nuanced effects on taxation of capital & labor

- $\uparrow$ K-shares $\Rightarrow$ more unequal market income distribution?
- In developed countries, burden borne by labor taxes
- But in developing countries trade openness has not led to the erosion of capital taxation

Appendix

Methodology: ETR Formulas

$$Y = Y_L + Y_K = CE + OS_{PUE} + OS_{HH} + OS_{CORP} \tag{1}$$

$$T_f = \sum [\lambda_{if} \cdot \tau_i] \tag{2}$$

$$ETR_f = \frac{T_f}{Y_f} \tag{3}$$

where:

- $Y_L = CE + \alpha OS_{PUE}$
- $Y_K = (1 - \alpha) OS_{PUE} + OS_{HH} + OS_{CORP}$
- $T_f =$ factor tax revenue from taxes τ_i with factor incidence λ_{if}
- ETR_f is the effective tax rate on each factor

◂ back

▸ incidence

Methodology: Tax Allocation

Allocation of Taxes to Factor Incomes, by Type of Tax

Type of tax, τ	Series	Allocation to L, λ_τ	Notes
Panel A: Direct Taxes			
Personal income tax (PIT)	1100	$\lambda_{i,t}^{PIT} = f(p, \alpha)$	most PIT attributed to L
Corporate income tax (CIT)	1200	0%	all CIT attributed to K
Other (unallocable) income tax	1300	50% PIT	rare; small magnitude
Social security & payroll taxes	2000	100%	all payroll taxes attributed to L
Property & wealth taxes	4000	0%	all asset taxes attributed to K
Panel B: Indirect Taxes & Other Revenues			
Indirect taxes	5000	—	assumed proportional to θ_L
Other taxes	6000	—	minor; assumed proportional
Non-tax revenues	7000	—	excluded

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Data Provenance

Principal Data Sources

	country-year obs.	%
Panel A: Factor Share Data		
SNA2008	2403	34.8%
SNA1968	1484	21.5%
composite/imputed	3016	43.7%
N	*6903*	*100%*
Panel B: Tax Revenue Data		
OECD	2881	41.7%
Harvard/archives	2092	30.3%
ICTD	1276	18.5%
IMF historical	654	9.5%
N	*6903*	*100%*

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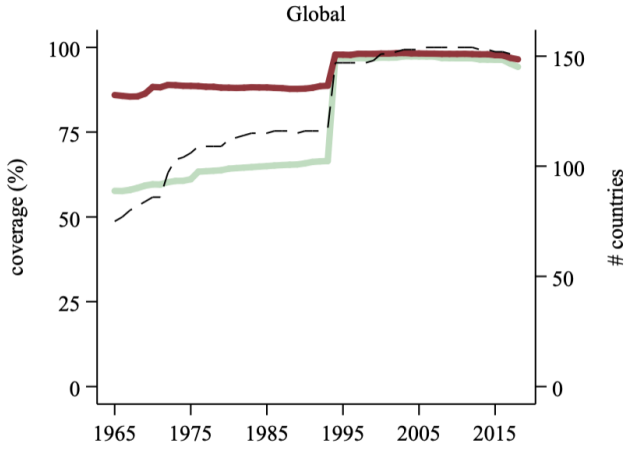
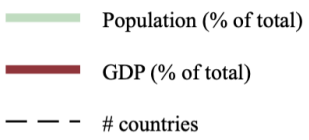
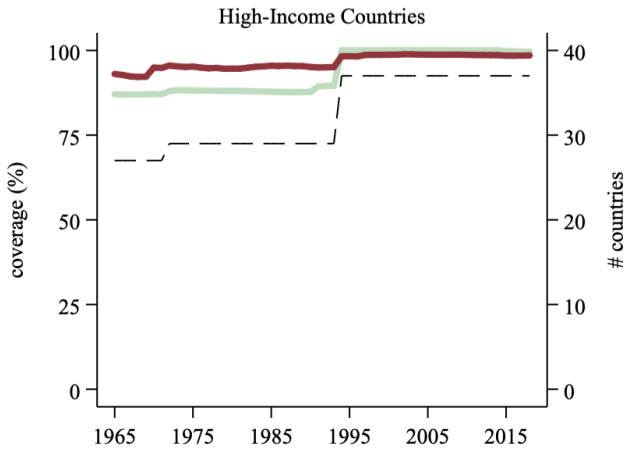
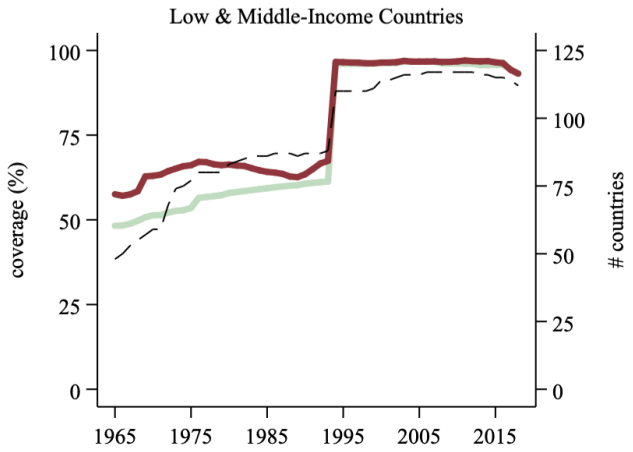
coverage

Data Coverage: Effective Tax Rates









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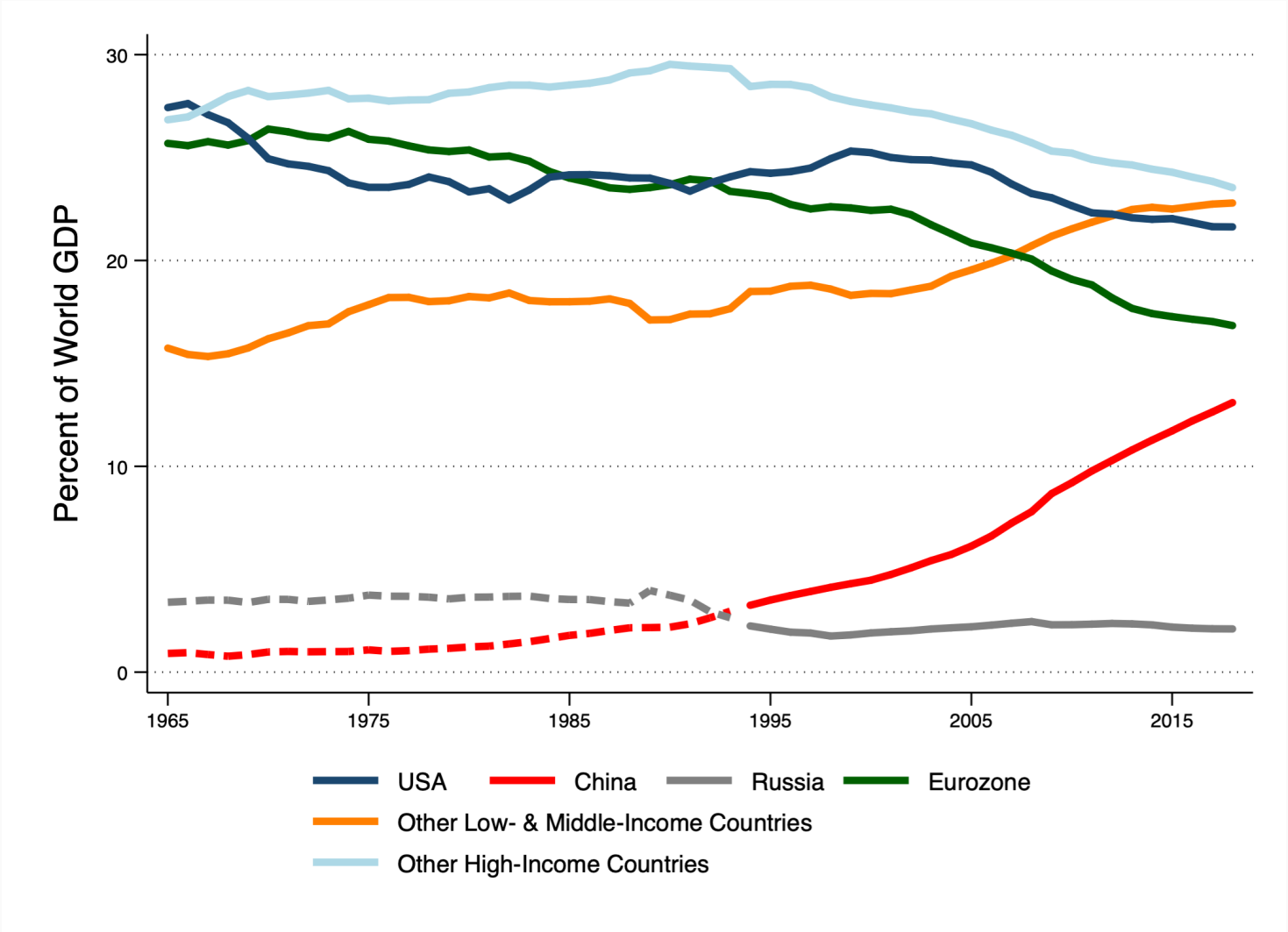
▸ country weights

Share of Global GDP, by Country



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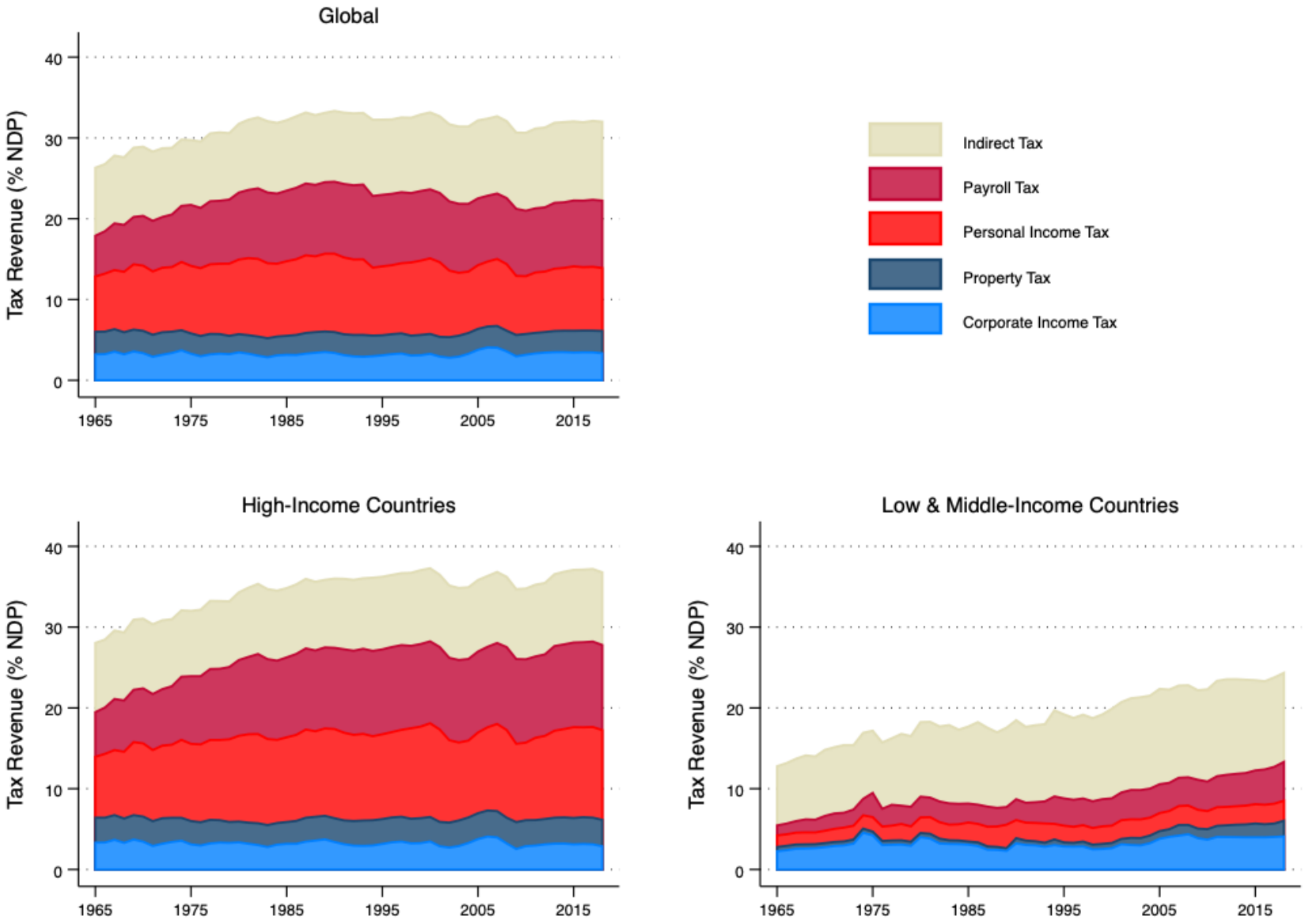
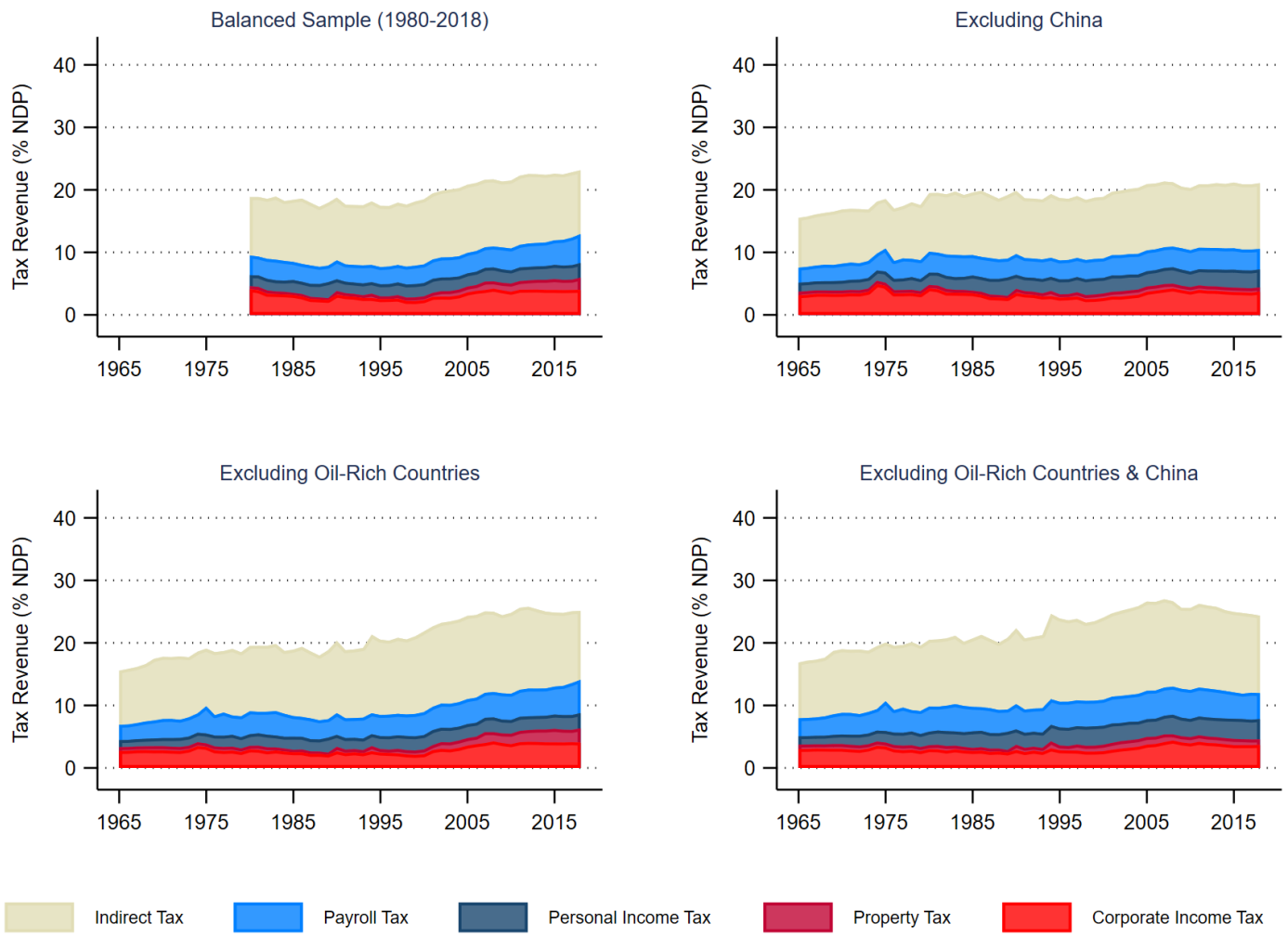
Global Trends in Tax Revenues, 1965 - 2018



Robustness: Tax Revenues in Developing Countries



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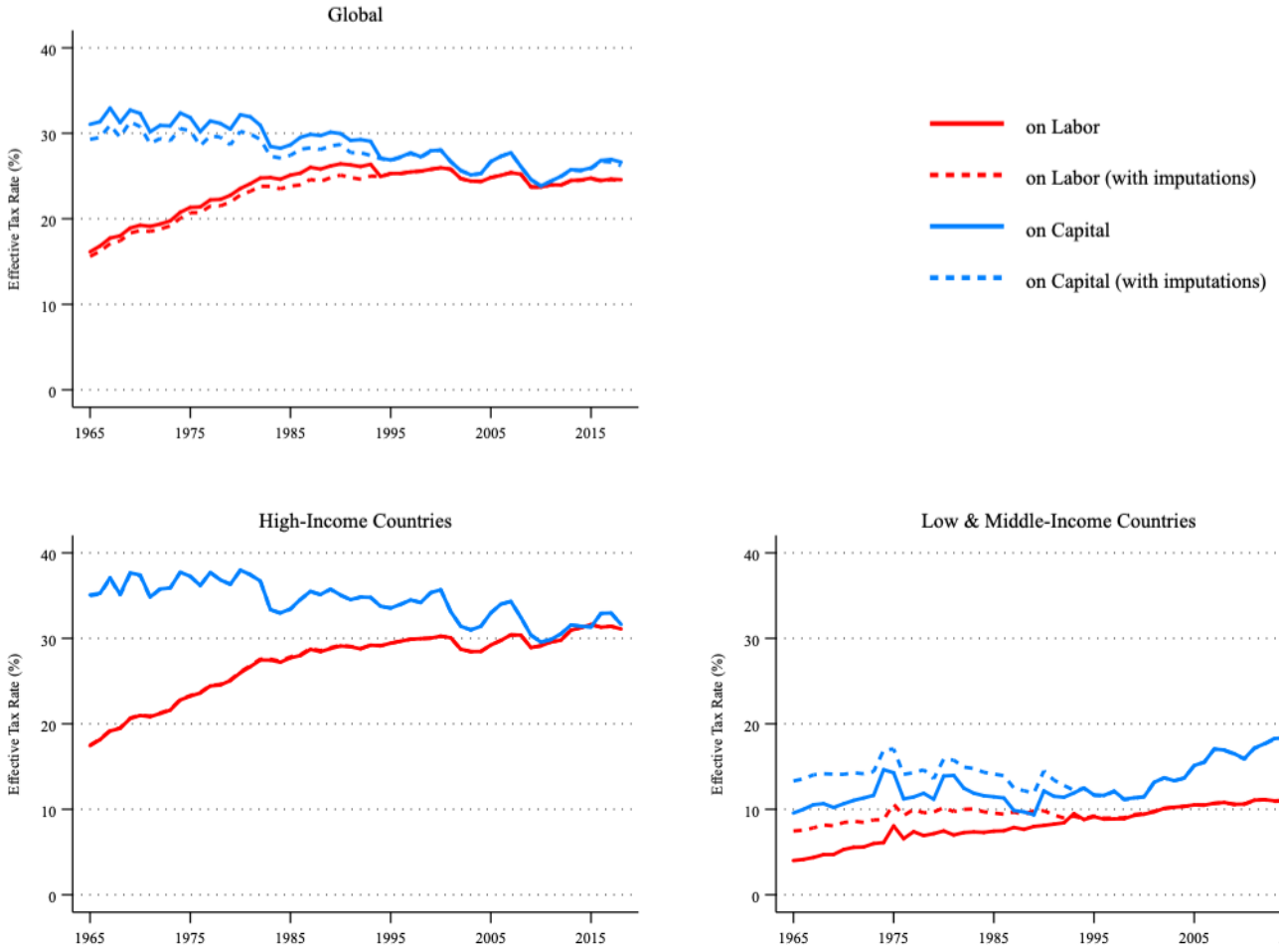
Fully Balanced Panel via Imputations



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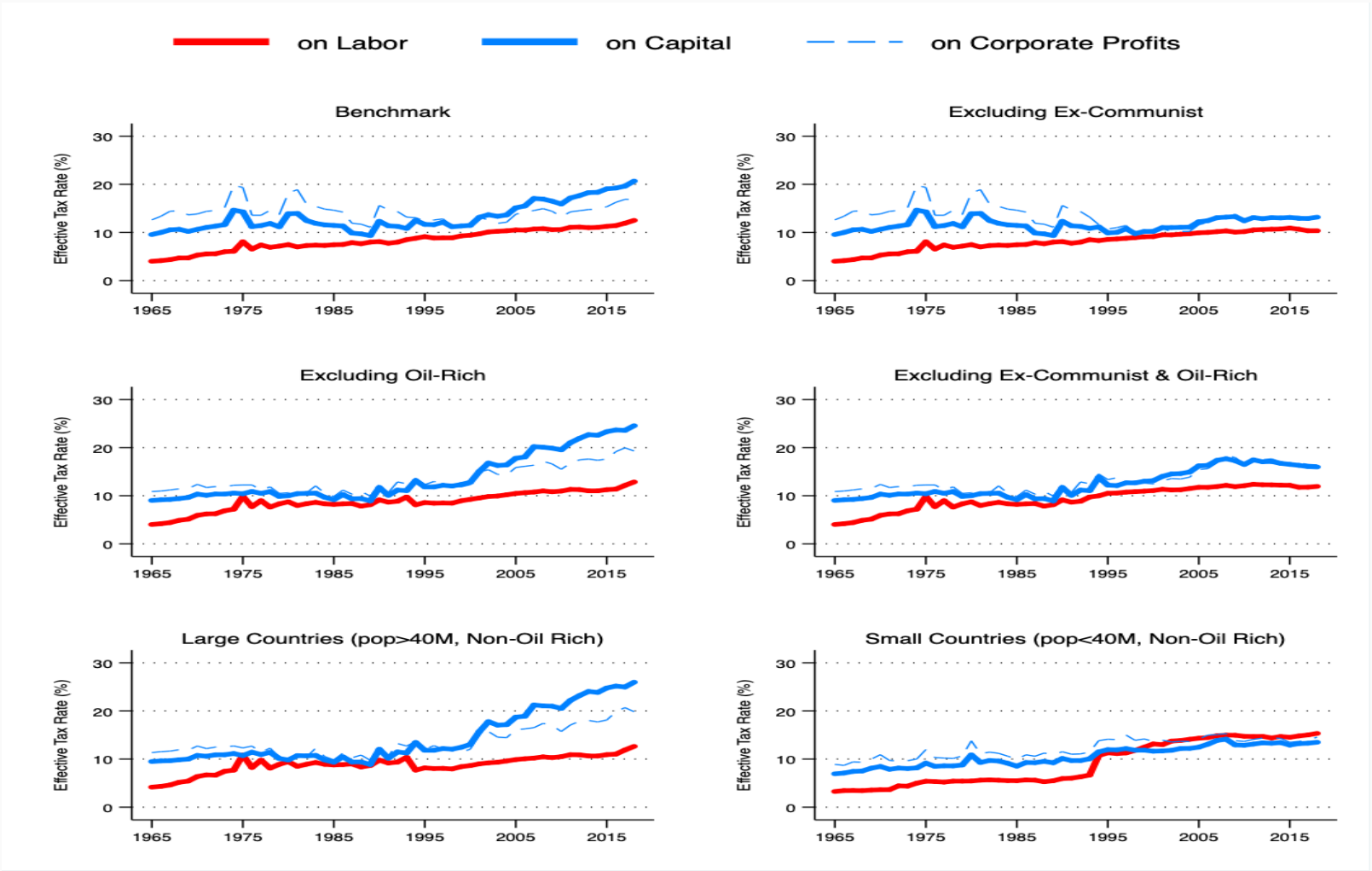
Robustness: ETR_K and ETR_L in Developing Countries



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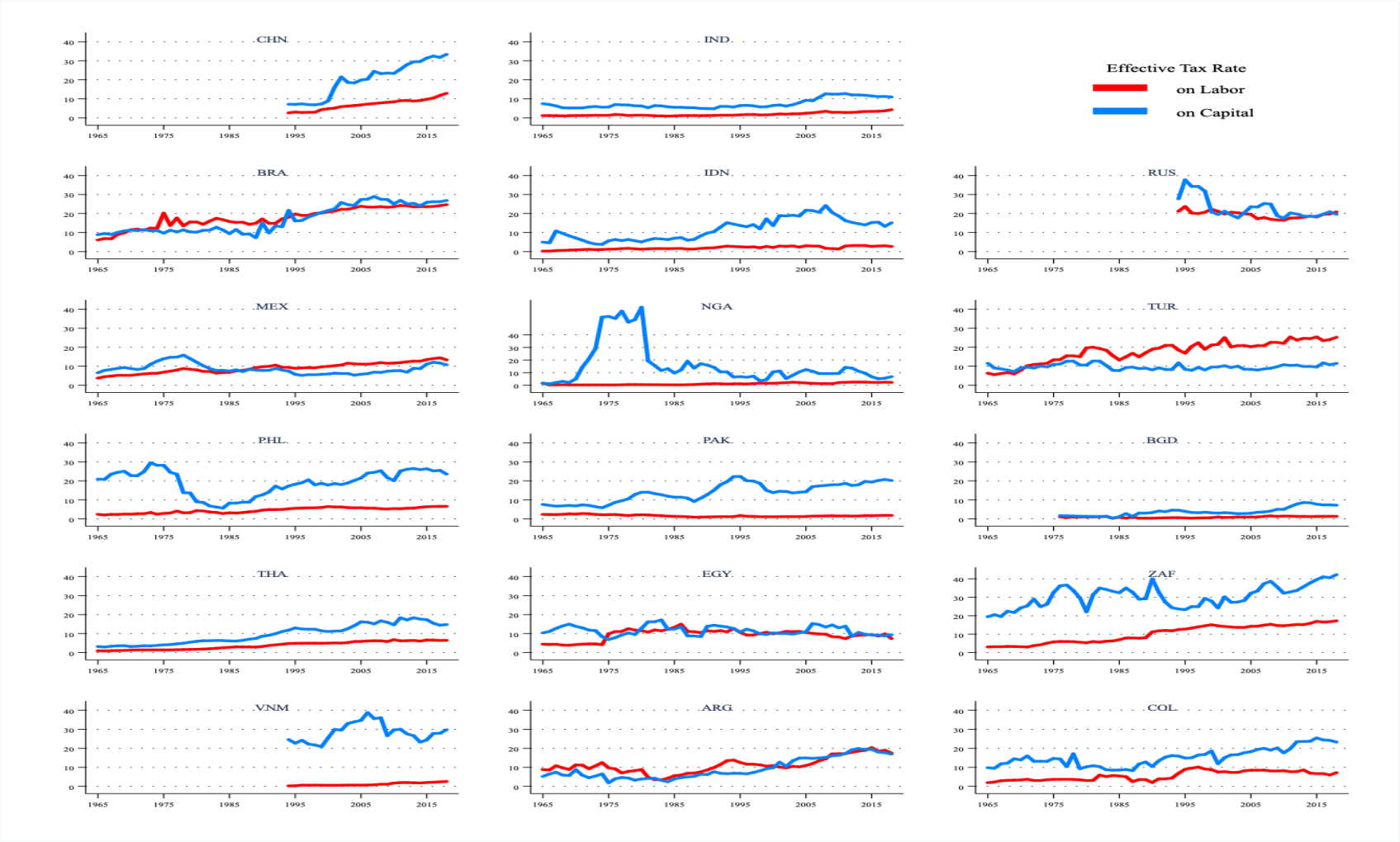
Time-series in Largest Developing Countries



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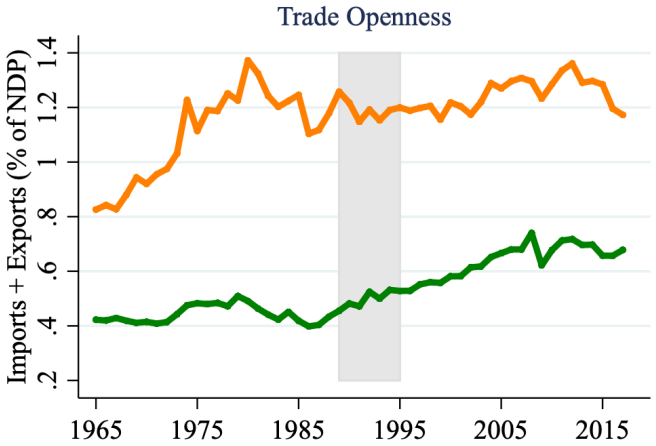
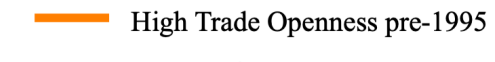
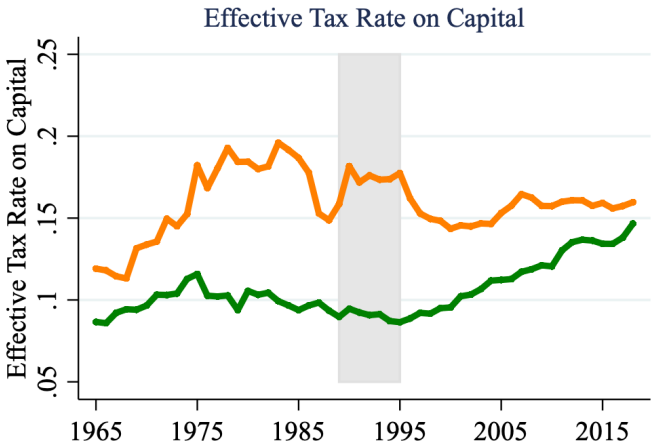
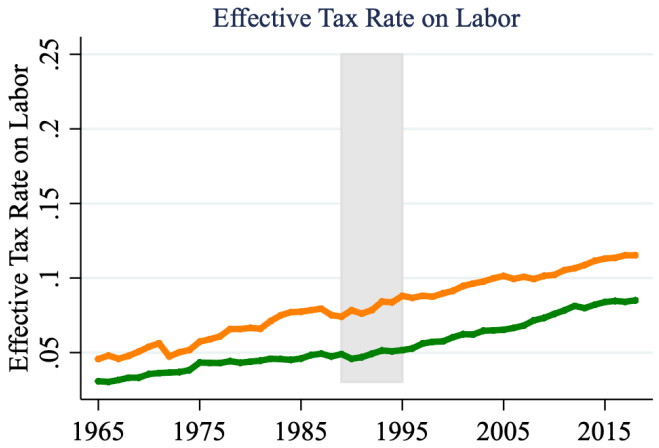
Trends in factor taxes by initial trade openness (Dev. countries)









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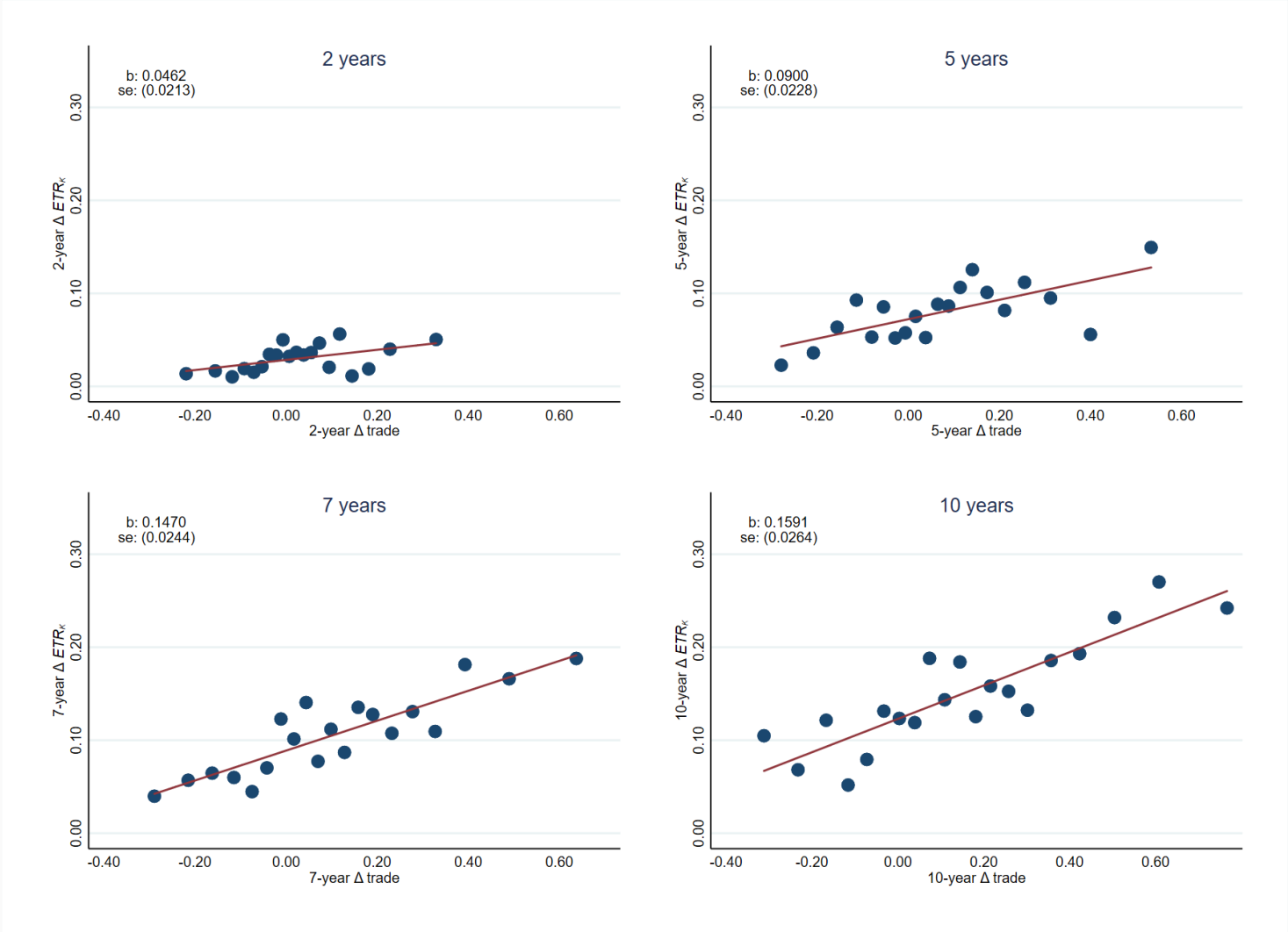
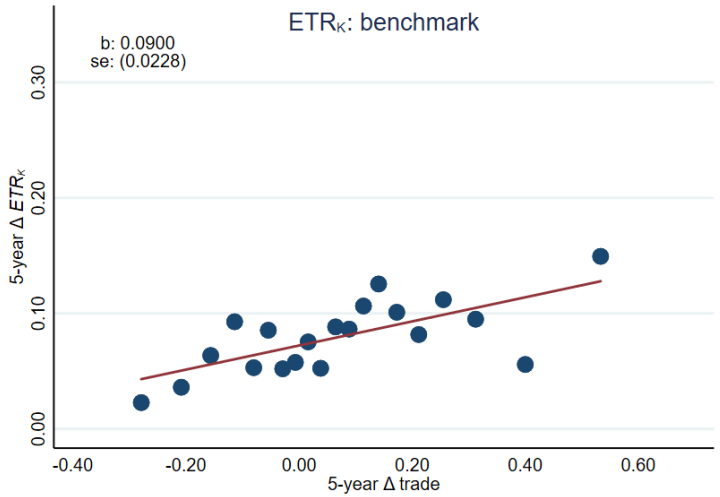
OLS (binscatter): Robustness to Alternative Time Horizons

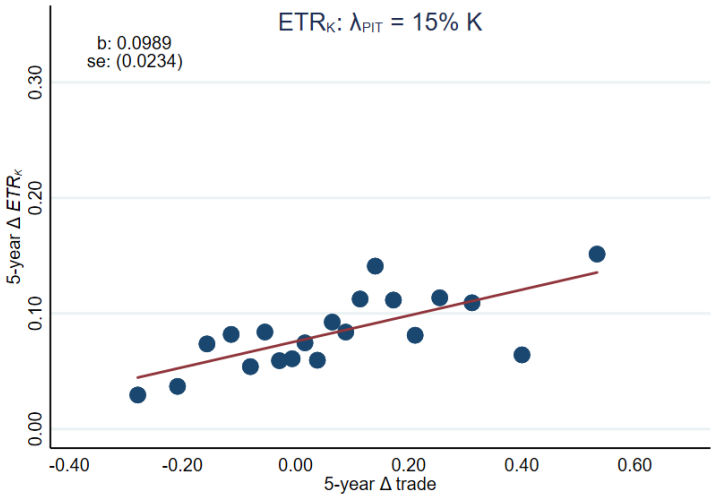


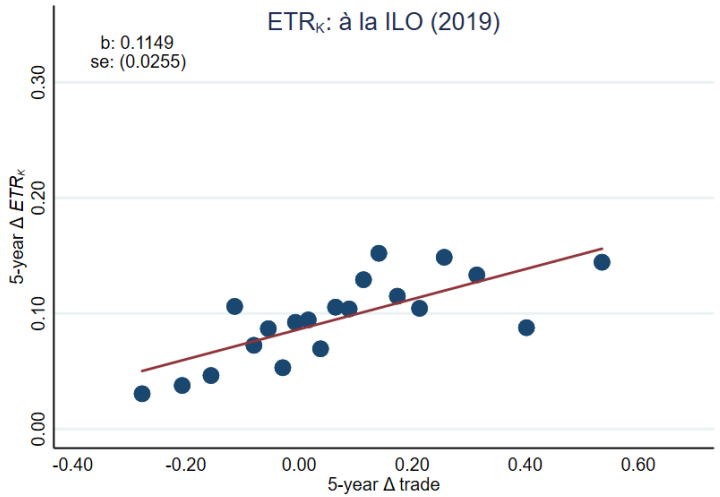
◂ back

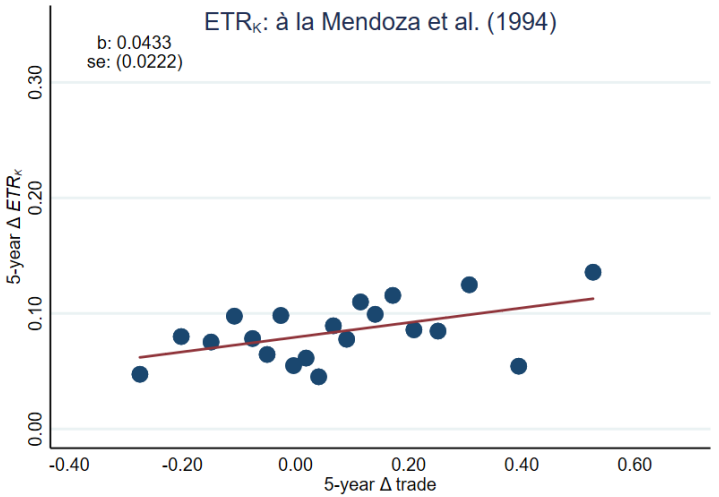
▸ alternative *ETR* measures

OLS (binscatter): Robustness to Alternative Measurements









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Details about instrument I

- Instrument relies on model structure of quantitative general equilibrium models of trade

$$\pi_{ijt} = \quad e_{jt} \quad \times \quad \iota_{it} \quad \times \quad \beta_{ijt}$$

- Under gravity model assumptions, the instrument uses average bilateral trade frictions between I-X pairs as source of variation

$$Z_{it}^{gravity} = \sum [\beta_{ijt} \cdot \beta_{jit}]$$

- *Exogeneity condition*: Trade costs distribution (not level) among I-X pairs is orthogonal to factor shares and factor taxation

◂ back

Details about instrument II

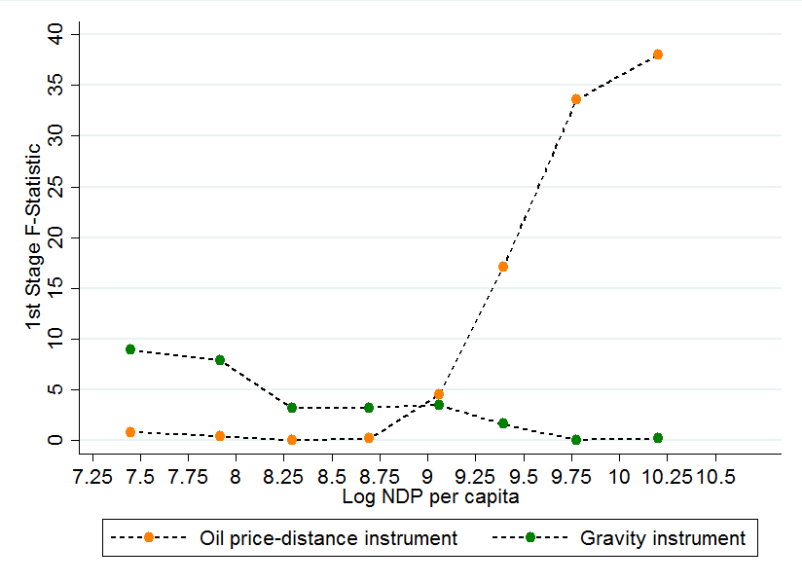
- Exploit time-series variation in global oil prices interacted with country-specific measure of access to intl markets
- Construct access as variance of distance from three most populous cities to closest maritime port

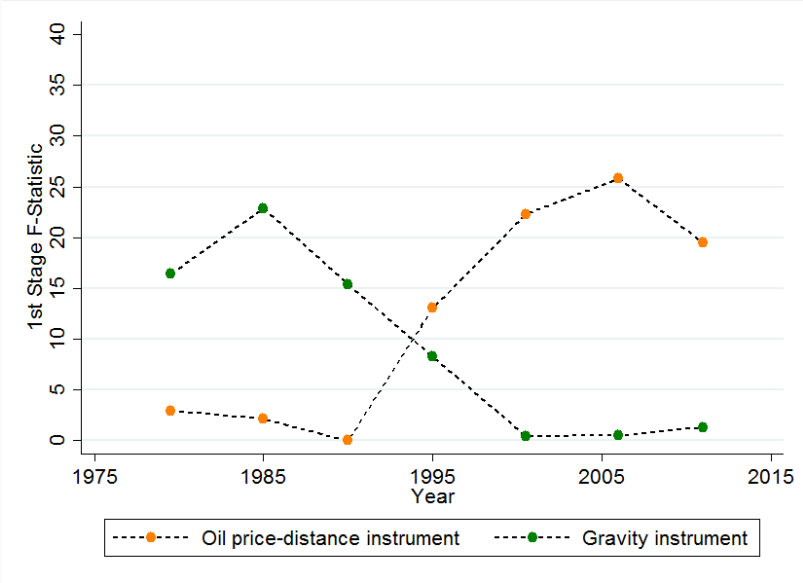
$$Z_{it}^{pricedist} = \frac{1}{2}\sum_{k=1}^{3}[(p_t d_i^k - p_t \overline{d_i})^2]$$

- *Exogeneity condition*: Country-specific trade costs induced by global oil prices are orthogonal to factor shares and taxation
  - Robustness: Allow oil-rich countries to be on independent time-path

◂ back

Two Instruments: Strength Across Subsamples





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IV Results: Robustness to Alternative Trade Measurements

	Capital Share		Effective Tax Rate	
	overall	corp. sector	on capital	on labor
Trade in G&S (%NDP)	0.154**	0.192**	0.516**	0.189***
	(0.0707)	(0.0817)	(0.208)	(0.0568)
First-stage F-statistic	32.30	32.30	32.30	32.30
Trade in G&S (%NDP), winsorized	0.148**	0.185**	0.513**	0.195***
	(0.0671)	(0.0774)	(0.203)	(0.0537)
First-stage F-statistic	37.60	37.60	37.60	37.60
Trade in G&S (log levels)	0.0359***	0.0436***	0.0724*	0.00714
	(0.0117)	(0.0149)	(0.0390)	(0.0171)
First-stage F-statistic	8.562	8.562	8.562	8.562
Trade in Goods Only (%NDP)	0.205**	0.253**	0.604**	0.188**
	(0.0980)	(0.113)	(0.270)	(0.0887)
First-stage F-statistic	30.05	30.05	30.05	30.05
N	*4505*	*4505*	*4505*	*4505*

◂ back ▸ weights ▸ controls ▸ θ_K à la ILO ▸ *ETR*

IV Results: Robustness to Alternative Weights

	Capital Share		Effective Tax Rate	
	overall	corp. sector	on capital	on labor
IV: with NDP weights	0.154**	0.192**	0.516**	0.189***
	(0.0707)	(0.0817)	(0.208)	(0.0568)
First-stage F-statistic	32.30	32.30	32.30	32.30
IV: with population weights	0.241**	0.253*	0.618**	0.161*
	(0.116)	(0.136)	(0.287)	(0.0857)
First-stage F-statistic	11.13	11.13	11.13	11.13
IV: unweighted	0.116*	0.121	0.278**	0.138**
	(0.0638)	(0.0781)	(0.108)	(0.0536)
First-stage F-statistic	9.007	9.007	9.007	9.007
N	*4505*	*4505*	*4505*	*4505*

◂ back ▸ trade ▸ controls ▸ θ_K à la ILO ▸ *ETR*

IV: Robustness to Controls & Oil-Rich*Time Fixed Effects

	Capital Share		Effective Tax Rate	
	overall	corp. sector	on capital	on labor
IV: without controls	0.154**	0.192**	0.516**	0.189***
	(0.0707)	(0.0817)	(0.208)	(0.0568)
First-stage F-statistic	32.30	32.30	32.30	32.30
IV: with controls	0.117***	0.150***	0.546***	0.250***
	(0.0418)	(0.0488)	(0.126)	(0.0554)
First-stage F-statistic	21.78	21.78	21.78	21.78
IV: with oil-rich time FE	0.396*	0.460*	0.893*	0.311**
	(0.213)	(0.245)	(0.503)	(0.153)
First-stage F-statistic	3.182	3.182	3.182	3.182
IV: with controls & oil-rich time FE	0.270**	0.294**	0.805***	0.429**
	(0.121)	(0.131)	(0.304)	(0.164)
First-stage F-statistic	3.830	3.830	3.830	3.830
N	*4505*	*4505*	*4505*	*4505*

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IV Results: Robustness to Estimating θ_K à la ILO (2019)

	Capital Share	Effective Tax Rate	
	overall	on capital	on labor
OLS	-0.00786	0.00388	0.0212**
	(0.0207)	(0.0336)	(0.0105)
IV: benchmark specification	0.214	0.314**	0.232***
	(0.132)	(0.131)	(0.0738)
First-stage F-statistic	32.30	32.30	32.30
IV: with controls	0.221**	0.317***	0.300***
	(0.110)	(0.106)	(0.0638)
First-stage F-statistic	21.78	21.78	21.78
IV: unweighted	-0.115	0.262**	0.0910
	(0.117)	(0.131)	(0.0606)
First-stage F-statistic	9.007	9.007	9.007
N	*4505*	*4505*	*4505*

◂ back ▸ trade ▸ weights ▸ controls ▸ *ETR*

IV Results: Robustness to Alternative ETR Measurements

	OLS (1)		IV (2)		IV: with controls (3)		IV: unweighted (4)	
	ETR_K	ETR_L	ETR_K	ETR_L	ETR_K	ETR_L	ETR_K	ETR_L
à la Mendoza et al. (1994)	-0.00127	0.0123	0.354**	0.161***	0.381***	0.206***	0.180**	0.0785*
	(0.0185)	(0.00907)	(0.157)	(0.0575)	(0.0974)	(0.0467)	(0.0712)	(0.0461)
PIT = 0% on capital	0.0107	0.0284**	0.526***	0.183***	0.553***	0.246***	0.296***	0.129**
	(0.0246)	(0.0109)	(0.194)	(0.0586)	(0.123)	(0.0568)	(0.109)	(0.0541)
PIT = 30% on capital	0.00940	0.0243**	0.541**	0.180***	0.579***	0.236***	0.289**	0.130**
	(0.0313)	(0.00989)	(0.224)	(0.0558)	(0.139)	(0.0517)	(0.113)	(0.0511)
PIT = 15% on capital	0.0108	0.0264**	0.533**	0.182***	0.565***	0.241***	0.293***	0.130**
	(0.0278)	(0.0104)	(0.208)	(0.0570)	(0.130)	(0.0541)	(0.110)	(0.0525)
First-stage F-statistic			32.30	32.30	21.78	21.78	9.007	9.007
N	*4505*	*4505*	*4505*	*4505*	*4505*	*4505*	*4505*	*4505*

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