



Seminari di Economia

Venerdì 6 ottobre 2023

Ore 12:00 – Aula Arcari

Facoltà di Scienze Economiche Giuridiche e Politiche - Via Sant'Ignazio 84

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How Business Income Affects Economic Inequality

Abstract. This paper presents estimates of income concentration and inequality for Norway based on a new comprehensive measure of income, which identifies business income as it accrues rather than when it is realized. We use several sources of high quality register data that allow us to account for multiple layers of business ownership across all companies in the economy between 2001 and 2018. Compared to official statistics, our new measure implies that the share of income attributable to the top 1% of the distribution more than doubles and the Gini coefficient estimates increase by about 35%. Our new income measure identifies substantial tax regressivity for individuals in the top percentile, a feature that cannot be detected by standard income measures. For instance, while the share of gross income paid in taxes by individuals at the 99th percentile is about 36% in 2016, the corresponding share paid by individuals in the top 1% is 19%.