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# Taxpayer Responses to Third-Party Income Reporting: Evidence from a Natural Experiment in the Taxicab Industry

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# Strengths of the paper

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I found the paper interesting and I found their natural experiment to be well executed.

By identifying 40 cities that mandated taxi cabs to install credit card readers into their vehicles, they were able to conduct a convincing difference in difference research method.

# Strengths of the paper

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“In the working paper, “[What Insights Do Taxi Rides Offer into Federal Reserve Leakage?](#)” Chicago Booth PhD candidate David Andrew Finer analyzed more than 500 million New York City taxi rides and finds “highly statistically significant evidence of increases in opportunities for information flow” between the Federal Reserve Bank of New York and major commercial banks around Federal Open Market Committee meetings.”

# Strengths of the paper

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I also found the paper to be very well written.

In one section of the paper, the authors state that taxpayers in cities with laws requiring credit card readers report an increase in receipts *and* expenses.

My immediate thought was “which type of expenses?”

And then the next sentence in the paper elaborated that the specific expenses pertained to depreciation and “other”.

Well done!

# Suggestions

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The authors conclude that taxpayers respond to information reporting in offsetting ways.

I believe the authors should more strongly emphasize that better understanding the revenue reporting effects of third-party information is an important first step in this puzzle.

Additionally, I believe an implication of their study is that the IRS should consider ways to better audit taxpayer expenses when third-party information is reported.