

# **Property taxation and noncompliance: Evidence from high-frequency panel data**

Carlos Scartascini

Inter-American Development Bank, Washington

Christian Traxler

Hertie School of Governance, Berlin

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## *Preliminary Abstract:*

This project studies property tax noncompliance in a large city in Argentina. We exploit a complex tax reform. The reform implied a series of quarterly or bi-annually nominal tax increases (or decreases) over a period of more than three years. We measure the behavioral responses to within-variation in property taxes using high-frequency panel data on the timing of the payment (and non-payment) of the monthly tax bills for all households and property owners in the city. Preliminary results from two-way fixed effects estimates indicate that higher (real) taxes lead to more delayed tax-payments and an increase in the rate of non-payment. Quantitatively, however, these effects are small on average. Studying heterogeneity of responses according to property values, we find much stronger responses for smaller and less valuable properties. In a second step, we analyze social-interaction effects. Using within-variation in a district's minimum-tax level, we find that "unaffected" property owners respond to (minimum-tax induced) increases in non-compliance rates in their block. Using an updated wave of data we will substantiate this observation and translate our estimates into a social multiplier of non-compliance.