

*Paraísos Fiscales, Wealth Taxation, and Mobility**

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March 2021

Abstract

This paper analyzes the effect of wealth taxation on mobility and the consequences for tax revenue and wealth inequality. Using linked administrative data, we exploit the decentralization of the Spanish wealth tax — after which all regions except Madrid levied positive tax rates. By five years after the reform, the stock of wealthy individuals in Madrid increases by 9%, while smaller tax differentials between other regions do not matter. A theoretical model of evasion and migration rationalizes evasion as the dominant mechanism. Counterfactual simulations show that the tax haven reduces the effectiveness of raising revenue and exacerbates regional wealth inequalities.

Keywords: Wealth Taxes, Mobility, Inequality, Enforcement, Fiscal Decentralization, Tax Havens, Evasion

JEL: E21, H24, H31, H73, J61, R23

*The paper benefited from comments by Arun Advani, Facundo Alvaredo, Olympia Bover, Marius Brühlhart, Marta Espasa, Gabrielle Fack, Trevor Gallen, Nathaniel Hendren, James Hines, William Hoyt, Henrik Kleven, Camille Landais, Juliana Londoño-Vélez, Mohammed Mardan, Mariona Mas, Mathilde Muñoz, Thomas Piketty, Daniel Reck, Emmanuel Saez, Guttorm Schjelderup, Kurt Schmidheiny, Joel Slemrod, Daniel Waldenström, David Widlasiñ, Owen Zidar, James Ziliak, Floris Zoutman, Gabriel Zucman, Eric Zwick, as well as seminar participants at the Center for European Economic Research (ZEW), Junior European Finance Seminar, Imperial College London, International Institute of Public Finance, International Online Public Finance Seminar, Norwegian School of Economics, National Tax Association, Paris School of Economics, Queen Mary University, University of Exeter, University of Girona, University of Barcelona, Universidad de La República Uruguay (iecon) and University of California, Los Angeles. Foremny gratefully acknowledges financial support from *Fundación Ramón Areces* and grant RTI2018-095983-B-I00 from the *Ministerio de Ciencia, Innovación y Universidades*; and Martínez-Toledano from *Fundación Rafael del Pino*. Any remaining errors are our own.

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