



PENN WHARTON
UNIVERSITY *of* PENNSYLVANIA

Budget Model

Wealth Tax

November 14, 2019

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Budget Model

Important Names

Alex Arnon

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Marcos Dinerstein

Jagadeesh Gokhale

Yan He

Zheli He

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Jon Huntley

Victoria Osorio

Felix Reichling

John Ricco

Sophie Shin

Xiaoyue Sun

Daniela Viana Costa

Zhenfei Yue

OUTLINE

- Current Treatment
- Tax Base
- Potential Leakages
- Macroeconomic Effects

CURRENT TREATMENT

- Taxed:
 - Income
 - Consumption
- How:
 - Information Returns (W-2, 1099)
 - Incidence/Remittance
- Why:
 - Progressivity

CURRENT TREATMENT

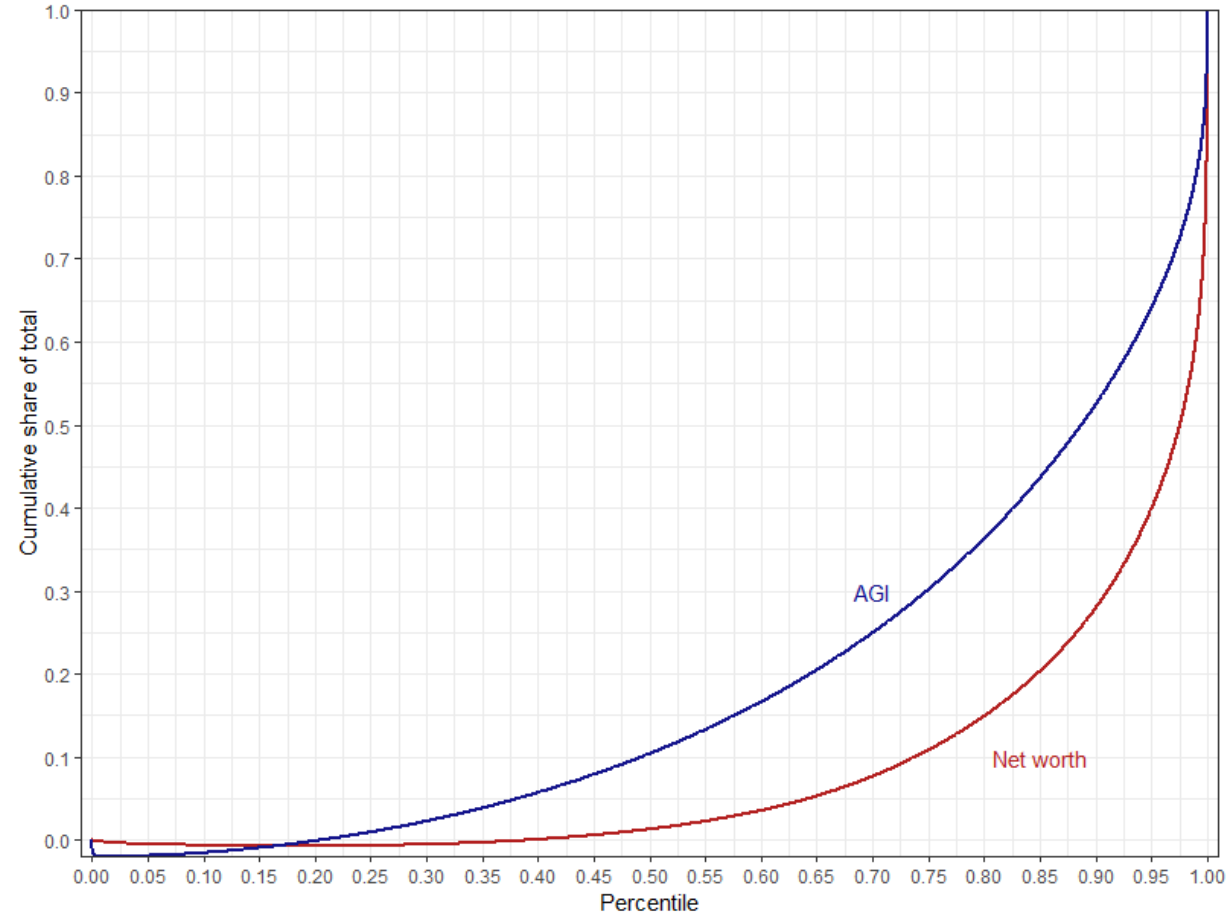
- *Not Taxed:*
 - Wealth
 - Exceptions: (Estate, Real Estate)
- How?
- Why?

CURRENT TREATMENT

- Why (or Why not) Tax Wealth?
 - Distributional
 - Efficiency
 - Administrative
 - Constitutional

THE TWO BASES

Adjusted Gross Income and Wealth



FLEXIBILITY OF INCOME

- Intertemporal Shift
 - Capital Gains
- Base Shift
 - Choice of Entity
- Flavor Shift
 - Capital vs. Labor
- Combination

FLEXIBILITY OF WEALTH

- Valuation
 - Tradeable vs Non-Tradeable
- International
- Charity
- Divisibility

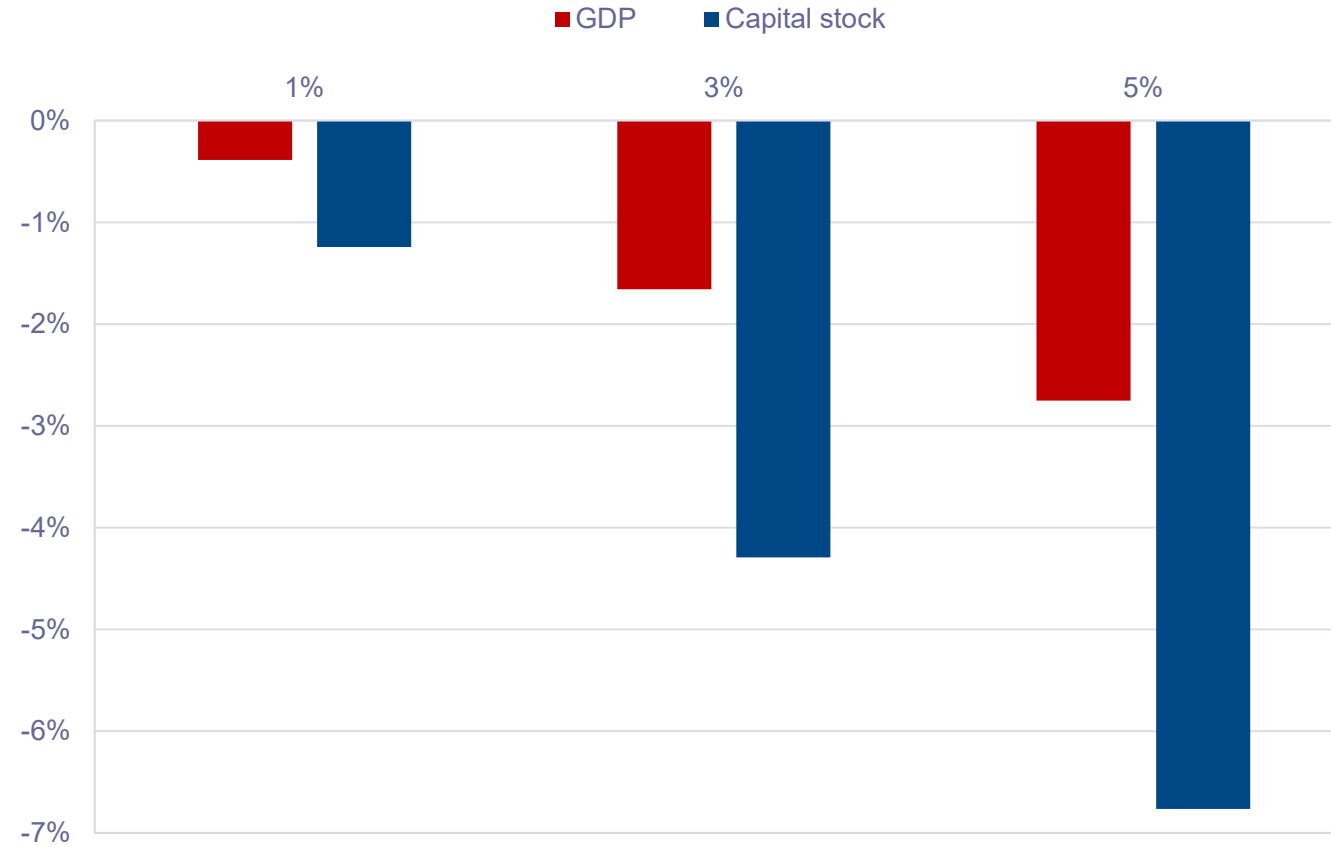
STYLIZED WEALTH TAX SCENARIOS

- Not a specific plan, but showing how key macroeconomic variables vary by the wealth tax rate
- Analysis of Senator Warren's plan will be released on December 12th
 - Her plan includes additional features not covered by the stylized scenarios discussed on the next slide

MACROECONOMIC EFFECT

Preliminary

Impact on 2030 GDP by stylized wealth tax rate
(\$50M threshold)
Preliminary





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