The effects of the 2022 Italian tax-benefit reform at local level using a spatial microsimulation model
Discussion

Anna Laura Mancini

Paper summary I

- **Aim**: To analyse the effects of the Italian 2022 tax reform (changes in the marginal tax rates and introduction of the Universal Children Allowance) on real disposable income, poverty and inequality at the provincial level.

Paper summary I

- ▶ **Aim**: To analyse the effects of the Italian 2022 tax reform (changes in the marginal tax rates and introduction of the Universal Children Allowance) on real disposable income, poverty and inequality at the provincial level.

- ▶ **Method**: to develop a spatial microsimulation model for Italy, representative at the provincial level, that takes into account also price differentials across the country

Paper summary II

- **Results**:
  - Internal and external validity of the model are good
  - Increase in household nominal disposable income, but reduction in real disposable income for 80% of the provinces (stronger in the North)
  - Reduction in overall inequality (higher in the South) and at-poverty-risk

Suggestions I

▶ Disposable income (but also inequality) depends also on local taxes (at least *Addizionali regionali e comunali*), that vary significantly across the country. Is it possible to incorporate them in the model?

Suggestions I

- Disposable income (but also inequality) depends also on local taxes (at least *Addizionali regionali e comunali*), that vary significantly across the country. Is it possible to incorporate them in the model?
- Can the geographical variability of the shadow economy (tax evasion, black labor market) affects your results? It would help to add some discussion on the topic

Suggestions II

▶ Across provinces (but also within) urban areas are different from rural areas or metropolitan area (in terms of taxation but also purchasing power). You do have some info on that matter but do you use them?

Suggestions II

- ▶ Across provinces (but also within) urban areas are different from rural areas or metropolitan area (in terms of taxation but also purchasing power). You do have some info on that matter but do you use them?
- ▶ It would be interesting to look also at other features of the fiscal system that show geographical variability (ex. income subject to separate taxation - flat tax, *cedolare secca*) and see how they interact locally with the reform

Minor points

▶ Do the simulation include also the *Reddito di cittadinanza* (that has lot of geographical variability) and its interaction with the Universal Child Allowance?

Minor points

- ▶ Do the simulation include also the *Reddito di cittadinanza* (that has lot of geographical variability) and its interaction with the Universal Child Allowance?
- ▶ The provinces considered are 107 (instead of 110), but for 38 of them the price index is missing. Can something more be said about the characteristics of those provinces?