DO TRANSFER TAXES REDUCE INTERGENERATIONAL TRANSFERS?

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Abstract
We estimate the effect of taxes on intergenerational transfers exploiting a sequence of Italian reforms culminating with the abolishment of transfer taxes. We use the 1993-2006 Survey of Household Income and Wealth, which has data on real estate transfers received and information on potential donors as well as recipients. Differences-in-differences estimates indicate that the abolition of transfer taxes increased the probability that high-wealth donors make a transfer by 2 percentage points and square meters transferred by 9.3 meters relative to poorer donors. (JEL: H24, E21)