RESUME

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Ph.D. THESIS

Title	:	Essays on Business Taxation
Thesis supervisor	:	Baris Kaymak
Co-advisor	:	Immo Schott
Date of completion	:	June 2019

EDUCATION

2011	:	M.A in Economics, Université Ouaga II, Burkina Faso
2009	:	B.A in Economics, Université Ouaga II, Burkina Faso

PROFESSIONAL ACTIVITIES

2016-2018	:	Instructor, Université de Montréal
2014-2016	:	Teaching Assistant, Université de Montréal

FELLOWSHIPS

2018-2019	:	Ph.D. Grant, J.W McConnell Family Foundation Chair in American Studies, Université de Montréal
2017-2018	:	Travel Grant, CIREQ, Université de Montréal
2013-2018	:	Ph.D. Fellowship, Department of Economics and CIREQ

PAPERS AND PUBLICATIONS

- Optimal Business Income Taxation (***Job Market Paper***)
- The Tax Cuts and Jobs Act (TCJA): A Quantitative Evaluation (***Submitted to AEJ: Macroeconomics***)
- On the Corporate Tax Reform: Coordination and Trade-offs
- Corporate Tax Policy and Capital Misallocation in the US: 1950 – 2000 (with B. Kaymak, ongoing project.)

RESEARCH WORK : Macroeconomics, Taxation, Inequality, Entrepreneurship, Computational Economics

CONFERENCE PRESENTATIONS

2018 : Midwest Macro Meeting (Nashville, Tennessee, ***Scheduled***), Society for Economics Dynamics Annual Meeting (Mexico City), North American Summer Meeting of the Econometric Society (Davis, California), 52nd Annual Conference of the Canadian Economic Association (Montreal), 14th CIREQ Ph.D. Students' Conference (Montreal), 58th Conference of the Société canadienne de science économique (Montreal)

2017 : 51st Annual Conference of the Canadian Economic Association (Antigonish), 13th CIREQ Ph.D. Students' Conference (Montreal), 57th Conference of the Société canadienne de science économique (Ottawa)

COMPUTER SKILLS : Fortran, Matlab, Stata, Latex, Office

MEMBERSHIP : American Economic Association, Econometry Society, Canadian Economic Association, Société canadienne de science économique, CIREQ

REFERENCES

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SUMMARY OF THE THESIS

This thesis explores the macroeconomics and distributional effects of taxation in the US economy. The first two chapters take advantage of the interplay between entrepreneurship and wealth distribution while the last one discusses the trade-offs when financing a corporate tax cut under revenue neutrality.

Specifically, in chapter 1, I quantitatively investigate the desirability of an occupation-based taxation in a model of overlapping generations (OLG) with entrepreneurship, when transitional cohorts are explicitly taken into account. The main experiment is to move from the federal single progressive taxation for both labor income and business profit at the individual to a differential tax regime where business income faces a proportional tax rate and labor income is still subject to the progressive scheme. I find that a flat tax rate of 40% to be imposed on entrepreneurs is optimal. I also show that in an OLG setup with entrepreneurship, a Ramsey-style optimal differential taxation based upon occupation depends both on the weight the planner puts on future generations and his aversion for inequality. Indeed, the optimal tax rate is decreasing in the government altruism but is increasing in inequality aversion. Higher taxes allow current cohorts to take advantage of higher interest rate (specifically, for retirees) and face lower average tax liabilities while experiencing a welfare gain. During the transition, capital stock is depleted towards a lower level for future generations, hence a reduced consumption and even a welfare loss. The planner who cares more about efficiency rather than equity concerns, would like to tax entrepreneurs at a lower tax relative to the utilitarian case.

Chapter 2's research question is timely to the recent tax reform enacted in the us, which is a major change of the tax code since the 1986 tax reform act. The Tax Cuts and Jobs Act (TCJA) as of December 2017 significantly altered how business income is taxed in the US. I then consider a dynamic general equilibrium model of entrepreneurship built on Cagetti and de Nardi (2006), modified to feature a life-cycle dynamics to provide a quantitative assessment of the macroeconomic effects of the TCJA, both in the short-run and in the long-run. The TCJA is modeled by its three key provisions : a 20-percent-deduction rate for pass-throughs, a drop in the statutory tax rate for corporations from 35% to 21% and the reduction to 37% of the top marginal tax rate for individuals from 39.6%. I find that the economy experiences, a GDP growth rate of 0.90% over a ten-year window and average capital stock increases by 2.12%. These results are consistent to estimates made by the congressional budget office and the joint committee on taxation. The 20-percent-deduction provision for entrepreneurs is the key driver of the TCJA's effects meanwhile the corporate tax cut generates adverse outcomes. With temporary provisions, the TCJA delivers a reduction in wealth and income inequality but the opposite occurs once provisions are made permanent. In both scenarios, population suffers a welfare loss and finds them difficult to support.

In the context of business tax reform, chapter 3 assesses revenue-neutral trade-offs when financing a corporate tax cut using labor income tax, dividends tax and capital gains taxes as instruments. I construct a parsimonious general equilibrium model to derive balanced fiscal multipliers associated with a corporate tax reform. Using a standard calibration, I show that labor income tax multiplier is lower than that associated with dividends tax, while the one related to the capital gains tax is negative meaning that there is no trade-off in this scenario. In addition, when implementing corporate tax proposals (21% and 0%), I find that based upon the policy maker's goal : fiscal neutrality or welfare-maximization, the best and the worst-case scenarios invert each other, and heterogeneity is relevant for welfare perspective.