

## **The Top of the Distribution –**

### **Evidence and Some New Richness Measures for Self-employed and Employees from German Income Tax Microdata 1992 to 2003**

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#### **Abstract**

The distribution of income and wealth is of central importance for the economic, social and cultural development of a country. Though there are many investigations with focus on the lower end of the income distribution, however, analyses of the top of the distribution are rare. Our contribution is analyzing the situation of the income rich. Sound actual information about high income, its structure and distribution will be presented based on an exceptional microdata base, the anonymized individual records of the German Federal Income Tax Statistics. The Income Tax Statistic with income information for all German Tax payers, in particular allows sound results about the situation of the self-employed, a group seldom analyzed. Based on our contributions to the German Federal Poverty and Richness Report we propose some new measures of richness (measuring both intensity and distributional aspects), compare the high income situation of the self-employed (liberal professions and entrepreneurs) with the employee's situation. In addition to actual results for the first time we are able to follow up and present the top income development from 1992 over 1995, 1998 and via microsimulation to 2003.

*JEL key words:* D31, D33, I31

*Key words:* top of the income distribution, inequality, re-distribution, high income, microdata analysis, German Federal Income Tax Statistics, self-employed, employees, liberal professions, entrepreneurs, some new richness measures

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