

Abstract for “A Microsimulation on Tax Reforms in LAC Countries: A New Approach Based on Full Expenditures”

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In this article we propose a new method to estimate price effects on micro cross-sectional data using full prices derived from Household Budget and Time Use surveys. We use behavioral microsimulations by subpopulations to analyze the redistributive impact of changes in the Value Added Tax (VAT) rate of Ecuador and Guatemala, taking into account the domestic production of the household. The data used for the analysis comes from the matching of Ecuadorian surveys containing separately monetary and time expenditures, as well as from a Gutemalan survey containing both monetary and time expenditures.