

Abstract

In this research we estimate a neoclassical household labor supply model for married individuals, incorporating the main elements of the tax system, using Italian microdata. We found that while the labor supply of women is rather elastic with respect to wages and income variation, men's labor supply is inelastic with respect to variation in both. We use these results to measure the behavioral and welfare effects of alternative tax systems: the actual tax system, where the unit of taxation is the individual; joint family taxation; and a flat tax. The simulations' results show that, relatively to the actual system, the joint tax implies a higher average social cost, but more equally distributed, while the flat tax implies a lower social cost, but less equally distributed.