

# THE INEQUITY OF AN EFFICIENT INDIRECT TAX STRUCTURE

by

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## ABSTRACT

Households differ only in their productivities, and household demands may be exactly aggregated. The indirect tax structure which minimizes the aggregate excess burden (efficiency) is the same indirect tax structure which maximizes a Bergson-Samuelson social welfare function. I show that the implicit social weight of a household increases (decreases) as the productivity of the household increases, if leisure is a normal (inferior) good. I develop further necessary conditions on the social welfare function, if household demands may be linearly aggregated.

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