

Does income taxation affect partners' household chores?

Speaker: Arthur van Soest

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Abstract

We study the impact of income taxation on both partners' allocation of time to market work and unpaid house work in households with two adults. We estimate a structural household utility model in which the marginal utilities of leisure and house work of both partners are modelled as random coefficients, depending on observed and unobserved characteristics of the household and the two partners. We use a discrete choice model with choice sets of 2,401 points for each couple, distinguishing seven market work intervals and seven house work intervals for each partner. The model is estimated using data for France, which taxes incomes of married couples jointly, like, for instance, Germany and the US. We find that both partners' market and non-market time allocation decisions are responsive to changes in the tax system or other policy changes that change the financial incentives. Women's time allocation is more responsive to the own and the partner's wage rate than men's. Tax policy simulations suggest that moving from joint taxation for married couples to separate taxation of each spouse would go a small step in the direction of equalizing market and non-market work of spouses. Selective taxation with smaller tax rates for women than for men would magnify these effects.