

## Inequality-aware Market Design Seminar Series

# Ravi Jagadeesan: The Limits of Capital Taxation: Optimal Taxation of Private Businesses

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### Details

**When:** 7 Sep 2022 @ 17:00 GMT+2

**Where:** GRAPE

### Speaker this week

[Ravi Jagadeesan ↗](#)

Stanford University

**Ravi Jagadeesan** is an Assistant Professor of Economics at Stanford University. He is a microeconomic theorist interested in matching, market design, optimal taxation, and general equilibrium theory. His research portfolio also includes papers in pure mathematics.

**Abstract:** In simple models with wealth inequality, there is no role for capital taxation as a redistributive tool: redistribution can be achieved through consumption taxation without introducing distortions. This paper studies how imperfections in consumption taxation, arising from the ability of business owners to disguise consumption as a business expense, affect optimal tax policy. The analysis provides conditions under which the optimal dynamic tax policy features sustained intertemporal distortions, and characterizes the long-run distortions in terms of wedges. The optimal policy can also be implemented via time-varying linear taxes/subsidies on wealth, net capital income, and consumption when business owners can share risk through a financial market.

Should you have any queries please contact the seminar organizers at [IMD@grape.org.pl](mailto:IMD@grape.org.pl).



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