

Top Incomes, Gender Differentials and Personal Income Taxation. Recent Evidence for Uruguay

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There is little evidence on the effect of personal income taxation on the gender gap in Latin American countries. Based on a unique array of matched social security and personal and firm income tax records, and household survey microdata, we examine the main characteristics of the individuals belonging to the different income fractiles in Uruguay, focusing on the top of the corrected tax income distribution. We provide detailed evidence of the composition of income, occupational characteristics, and gender differential by subgroup (2009-2016).. In contrast to evidence for developed countries, Uruguayan top income holders are mainly capital income receivers. At the same time, the probability of reaching top income positions is higher for men, liberal professionals, and occupations associated to health activities, whereas the financial and tech sectors are scarcely represented. In line with previous studies on wage differentials, our estimations show that the proportion of women in the total and labour income decreases with the quantile, ranging from more than 50% below the median to 25% at the highest percentile. We compute a wide set of redistribution and progressivity indices to assess the role of personal income taxation on gender differentials. Our findings have strong implications for the design of public policies aimed to reduce persistent inequalities in developing countries.

Keywords: top incomes, income inequality, capital income, tax records, personal income tax, gender differentials, Uruguay

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