

Tax, Philanthropy or Political Parties? New Evidence from Wealth and Income Tax Returns

What are the determinants of philanthropic and political giving? Are donations to charities and parties driven by the same incentives? In this article, we use new administrative household panel data to quantify empirically the motivations for giving, depending on donor characteristics and tax incentives. Our dataset includes all the households filling their income tax and/or wealth returns in France between 2006 and 2019. First, we exploit tax reforms to estimate the price elasticity of charitable and political giving at different levels of the income and wealth distributions, as well as the cross-price elasticity of giving. Second, we investigate whether donations to charities and to parties are substitutes or complements. To do so, we rely both on tax reforms aimed at encouraging donations directly and on reforms that may have affected giving indirectly by modifying the taxes due.