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Primo Seminario

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**Titolo: Taxing the Gender Gap: Labor Market Effects of a Payroll Tax Cut for Women in Italy**

This paper studies the labor market impacts of a large payroll tax cut for hiring unemployed women in Italy. The empirical approach combines rich matched employer-employee data with cross-municipality, cross-cohort and cross-profession discontinuities in exposure to the payroll tax cut generated by the 2012 reform. The results provide compelling evidence that the payroll tax cut led to long-lasting growth in female employment and, in contrast with standard tax incidence theory, had no effects on net-of-tax wages. I further find that the payroll tax cut significantly improves job duration, while reducing the average non-employment duration of women entering unemployment insurance after the reform. Firms hiring many female workers experience significant growth in per-worker net worth, value added and capital, without raising male employees' layoffs. These findings suggest that payroll tax cuts are a successful strategy to promote female employment and business growth in contexts where gender attitudes are still traditional, but they are not sufficient for closing the gender wage gap.