Owen Zidar
Organizer, NBER Graduate Student Workshop on Business Income Taxation

August 27, 2020

Dear Professor Zidar,

My name is Damián Vergara and I am a fourth-year Ph.D. student of the economics program at UC Berkeley. Please find attached my application to the NBER Graduate Student Workshop on Business Income Taxation to be held on October 1st, 2020.

Business income taxation is a topic that I find fascinating. It is, in my opinion, a very policy-relevant subject (both from efficiency and equity perspectives) and, rather than being solved, lots of relevant questions remain open. Importantly, the public debate usually relies on anecdotes, vague intuitions, or rarely founded slogans, so I see a central role for academic research in contributing to this debate and, ultimately, to the design of related public policies.

My genuine interest in the analysis of business income taxation has made me devote an important part of my professional activity towards this topic. This is true for the place I chose to pursue my doctoral studies, the classes I have taken in the past, and the research topics I have decided to engage with. I would not exaggerate if I say that involving in the topic of business income taxation has importantly shaped my identity as a research and policy-oriented economist. I hope that the attached documents –CV and essay– can credibly transmit this.

My recommendation letter writer is Professor Danny Yagan. Also, please find my contact information below.

Best regards,

Damián Vergara, Department of Economics, UC Berkeley
Email: damianvergara@berkeley.edu.
Phone: +1 (510) 710 8669.

Damián Vergara Domínguez
August 2020

PERSONAL INFORMATION

Date of Birth:	June 14 1989
Nationality:	Chilean
Email:	damianvergara@berkeley.edu
Website:	https://sites.google.com/view/damianvergara

EDUCATION

University of California at Berkeley, Berkeley, USA.

Ph.D. in Economics, 2017 - Present (expected completion: May 2023).

Universidad de Chile, Santiago, Chile.

M.A. in Economics (Honors), 2016.

B.A. in Business and Economics (Honors), 2013.

Sciences Po Paris, Paris, France.

Visiting Student, Paris School of International Affairs, 2011.

RESEARCH INTERESTS

Public and Labor Economics.

PUBLICATIONS

2018. "Using Small Businesses for Individual Tax Planning: Evidence From Special Tax Regimes in Chile" (with C. Agostini, E. Engel and A. Repetto). *International Tax and Public Finance* 25(6): pp. 1449 - 1489.

WORKING PAPERS

"A Simple Test for Prejudice in Selection Processes: The Prediction-Based Outcome Test" (with N. Grau).
"Ambiguity and Long-Run Cooperation in Strategic Games" (with M. Rojas). *Conditionally accepted at Oxford Economic Papers.*
"Do Policies and Institutions Matter for Pre-Tax Income Inequality? Cross-Country Evidence".

SELECTED WORK IN PROGRESS

"Optimal Minimum Wage in Labor Markets with Rents".
"Small Businesses, Tax Avoidance, and Income Inequality".

COMPLETED PH.D. COURSES (LECTURER IN PARENTHESIS)

First year: Mathematical Tools for Economists (C. Shannon), Microeconomics Sequence (D. Ahn, H. Ergin), Macroeconomics Sequence (Y. Gorodnichenko, P. O. Gourinchas, A. Rodríguez-Clare, B. Schoefer), Econometrics Sequence (B. Graham, M. Jansson, D. Pouzo, J. Powell), Economic history (B. DeLong, B. Eichengreen).

Second year: Public Economics Sequence (A. Auerbach, E. Saez, G. Zucman), Labor Economics Sequence (D. Card, P. Kline, C. Walters), Advanced Topics in Econometrics (B. Graham, J. Powell).

Research Experience

University of California at Berkeley, Berkeley, USA.

Research Assistant for Danny Yagan, 2018 - 2020.

Research Assistant for Alexander Gelber, 2018.

Espacio Público, Santiago, Chile.

Researcher, 2016 - 2017.

Universidad de Chile, Department of Economics, Santiago, Chile.

Research Assistant for Álvaro García, 2016 - 2017.

Research Assistant for Roberto Álvarez, 2012 - 2016.

Fiscalía Nacional Económica (Chilean Antitrust Agency), Santiago, Chile.

Research Assistant, 2012 - 2013.

ECLAC, Economic Development Department, Santiago, Chile.

Research Assistant, 2010 - 2011.

Teaching

University of California at Berkeley, Berkeley, USA.

Graduate Student Instructor

- Econ 100A (Prof. Daniel Acland), Fall 2018 (Head GSI).
- Econ 204 (Prof. Chris Shannon), Fall 2019-2020.

Universidad de Chile, Santiago, Chile.

Lecturer

- MATLAB workshop (with M. Rojas) (M.A. in Economics), 2015.

Teaching Assistant

- M.A. in Economics: Mathematical Methods, Macroeconomics I and II, Microeconomics I, 2014-2015.
- B.S. in Business and Economics: Calculus I, Development Economics, Econometrics I and II, Introduction to Economics, Mathematical Methods for Economics, Microeconomics I and II, 2009 - 2015.

Awards, Fellowships and Featured Facts

CEG Berkeley fellowship, University of California at Berkeley, 2020.
CLOOB Research Grant, COES and IADB, 2020.
Burch Center fellowship, University of California at Berkeley, 2020.
IIS, pre-dissertation research grant, University of California at Berkeley, 2019.
Internal fellowship, University of California at Berkeley, USA, 2017-2022.
Nominated and selected to participate in 2017 Lindau Nobel Laurate Meetings in Economic Sciences, Lindau, Germany, 2017.
Best student of class, M.A. in Economics, Universidad de Chile, 2016.
CONICYT (Scientific Chilean Council) Fellowship for graduate studies, 2014-2015.
Chilean Engineers Association Award to the best undergraduate students graduated in 2014, 2015.
Internal fellowship, M.A. in Economics, Universidad de Chile, 2014.
Top 1 % of class, B.S. in Business and Economics, Universidad de Chile, 2014.
Fellowship for undergraduate studies for academic excellence, B.S. in Business and Economics, Universidad de Chile, 2008-2010.

Seminar Presentations	2020: UC Berkeley (Berkeley, USA), Universidad de Chile (Santiago, Chile). 2017: NTA 110th Annual Conference on Taxation (Philadelphia, USA). 2016: 16th SAET Conference (Rio de Janeiro, Brazil), University of Chile (Santiago, Chile), Chilean Economists Association (SECHI) Annual Meetings (Viña de Mar, Chile), LACEA-LAMES Annual Meetings (Medellín, Colombia).
Policy Papers and Other Non-Peer-Reviewed Publications	"Análisis de Implementación de las Nuevas Reglas de Financiamiento a la Política y Campañas Electorales", Informe de Políticas Públicas, Espacio Público, October 2018 (in Spanish, with E. Engel, M. Jaraquemada, and N. Campos). "Principios para una Reforma al Sistema de Pensiones", Informe de Políticas Públicas 12, Espacio Público, July 2017 (in Spanish, with E. Engel, E. Fajnzylber, P. Fernández, S. Gray, and A. Repetto). "Sistema de Pensiones: Opiniones y Demandas Ciudadanas", Documento de Referencia 36, Espacio Público, May 2017 (in Spanish).
Software and Languages	Stata, Matlab, Python, LaTeX, Office. Spanish (native), English (fluent).

Essay

While I am interested in different areas of the fields of public and labor economics, the topic of business income taxation is, for me, one of the most fascinating ones. On one hand, business income is extremely concentrated at the top of the income distribution. Therefore, understanding it better is key to the design of redistributive policies. On the other hand, business activity is important for the dynamism of the economy. Then, understanding how tax policy affects, for example, investment and employment, is also of prime importance. I find this tradeoff particularly interesting and, in my opinion, there is still a lot to be learned about it. In a sense, business income is both capital and labor income and involves productive, financial, and avoidance activities. And, most likely, these characterizations change along with the income distribution. I think that learning how to disentangle between these different "types" of business income is important for designing policies that, ideally, are simultaneously effective in redistributing income and promoting virtuous economic activity.

Part of my research agenda is motivated by this reflection. In my Master Thesis at the Universidad de Chile, I used administrative data to study how special tax regimes for small businesses (a supposedly progressive policy) were used by high-income taxpayers to avoid taxes through complex tax planning strategies.[1] I am currently working with the Chilean IRS in a bigger related project that aims, first, to develop a complete and exhaustive descriptive diagnostic of the business ownership structure across the income distribution (both at the extensive and intensive level) and, second, to exploit a series of reforms to identify behavioral responses related to business income and ownership. Hopefully, these results will shed light on how to disentangle the different types of business income and, therefore, advance in the design of effective business income tax policy.

I am also working on a project that analyzes optimal minimum wage policy. While the minimum wage is an appealing alternative for redistributing from capital owners to workers, so are taxes and, in particular, corporate taxes. Then, understanding the effects of business income taxation is relevant for assessing whether both alternatives are complements or substitutes, and to understand in which contexts one policy is likely to be preferred for redistributive purposes.

Given this, I think that attending the workshop will be positive for my research. I will be able to learn from very distinguished professors about different topics of business income taxation. Being exposed to the frontier will undoubtedly be beneficial for my understanding of the topic and, consequently, for my research. Also, I will be able to meet other graduate students with similar academic interests. I see that as an opportunity to expose myself to fresh ideas, perspectives, and, why not, potential collaborations in the future.

[1] For more details, see the published version of my thesis: "Using Small Businesses for Individual Tax Planning: Evidence From Special Tax Regimes in Chile", 2018, *International Tax and Public Finance* 25 (6): pp 1449 - 1489 (with C. Agostini, E. Engel, and A. Repetto, members of my former thesis committee).

UNIVERSITY OF CALIFORNIA, BERKELEY

BERKELEY • DAVIS • IRVINE • LOS ANGELES • MERCED • RIVERSIDE • SAN DIEGO • SAN FRANCISCO

SANTA BARBARA • SANTA CRUZ

DANNY YAGAN
ASSOCIATE PROFESSOR OF ECONOMICS

DEPARTMENT OF ECONOMICS
530 EVANS HALL, #3880
BERKELEY, CA 94720-3880
TEL: (510) 642-3878| FAX: (510) 643-7042

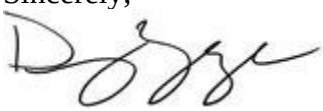
Dear Colleague:

I write on behalf of **Damian Vergara Dominguez**, an absolutely phenomenal Berkeley Economics graduate student who is applying to attend the Graduate Student Workshop on Business Income Taxation.

He is our top public finance PhD student in his cohort. He has strong interests in business taxation and has already applied those interests to Chilean administrative tax records in a published paper in *International Tax and Public Finance* ("Using Small Businesses for Individual Tax Planning: Evidence From Special Tax Regimes in Chile").

He is now developing two papers for the job market. One is optimal minimum wages. The other is on small businesses, tax avoidance, and inequality using the Chilean administrative tax records. This graduate student workshop could steer his work at an important moment in his development toward central issues in business taxation.

Sincerely,



Danny Yagan