Cross-Country Tax Function Parameters Dataset

The **Cross-Country Tax Function Parameters Dataset** provides country-year estimates of a two-parameter log-linear tax function for countries included in the Luxembourg Income Study (LIS). The estimates are obtained from harmonized LIS microdata following the methodology described in Qiu and Russo (2026). The tax function summarizes the relationship between pre-tax and post-tax household income using two parameters, denoted by λ and τ.

The dataset is intended for cross-country analyses of taxation and redistribution, as well as for the calibration and quantitative analysis of heterogeneous-agent macroeconomic models. The harmonized construction of the dataset makes the estimates directly comparable across countries and over time.

The Excel workbook contains the following worksheets.

- **Baseline estimates**

  Country-year estimates of the tax function using the baseline definitions of pre-tax and post-tax income described in Qiu and Russo (2026)
- **Baseline by family type**

  Baseline estimates computed separately for different household types.
- **Retired households**

  Baseline estimates obtained using only households whose head is aged between 61 and 100.
- **Only labor income**

  Estimates obtained when pre-tax income is only labor income.
- **No public social benefits**

  Estimates obtained for households with zero public social benefits.
- **Tax and transfer**

  Estimates obtained when public social benefits are included in the post-tax rather than the pre-tax income definition.

Each worksheet contains the following variables.

Variable	Description
Country	Country name.
Wave	LIS wave identifier.
Year	Survey year corresponding to the LIS wave.
lambda	Estimated level parameter of the tax function.
tau	Estimated progressivity parameter of the tax function.

Interpretation

The estimated tax function is

$$T(y) = y - (1 - \lambda)y^{1-\tau},$$

where y denotes pre-tax household income and T(y) denotes income taxes.

The parameter λ represents the average level of taxation, while τ measures the degree of tax progressivity.

The precise definitions of pre-tax and post-tax income vary across worksheets and are described in Qiu and Russo (2026).

Citation

Please cite the dataset as

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and cite the accompanying paper

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