Online Appendix to the paper:
Do the Rich Substitute Political Giving for Charitable Giving?

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A Details on data construction

In this section, we provide details on the different steps we use for the data construction. We first provide details on filing tax returns in France (Section A.1). Section A.2 then details the step involving the income tax returns data, and Section A.3 concentrates on the wealth tax returns data. Finally, Section A.4 explains how we merge the previous two datasets and construct our variables of interest.

A.1 Filing tax returns

An individual must file an annual tax return if they are in one of the following situations: (i) they reside in France; (ii) their main professional activity is in France; (iii) they turned 18 in year N and are no longer attached to their parents' tax household; (iv) they live abroad but their income is from a French source. The tax return is *mandatory* regardless of the income, even if it is zero or low.

In 2019, a reform introduced the *"prélèvement à la source"* or tax withholding in France. Before January 2019, French tax residents paid income tax on their wages via self-assessment; income tax was payable after completion and submission of the tax return and employers were not involved in this collection. Since January 2019, the income tax is paid to the government by the payer of the income rather than by the recipient of the income. However, this new income tax withholding did not change the obligation to file the tax return.

Regarding the wealth tax, since the 2017 wealth tax reform, individuals whose real-estate assets have a net taxable value strictly superior to the tax threshold, i.e. €1.3 million, are required to file a declaration. An individual domiciled outside of France for tax purposes (and so not filing an income tax return) has to file a wealth tax declaration if their real-estate assets and rights located in France, as well as their shares in companies or organizations (established in France or abroad) for the portion of their value representing these real-estate assets or rights, are above €1.3 million. 1.4% of the households filing a wealth tax return are not liable to French income tax. We do not include these households in our sample.

A.2 Income tax returns

Cleaning Before performing our main analysis, we go through a cleaning step, which is necessary due to the administrative nature of the data. First, we aggregate the information to deal with the multiple declarations that households can file in case of divorce or death of one spouse during the fiscal year. Second, we clean the charitable giving declarations by removing the extreme values (above €1 million), which are due to misdeclaration.[1]

[1] According to the tax administration, households typically include more information than just the amount given in the form (year of the declaration, for instance). We clean these obvious cases, but some (fewer than 10 observations a year) remain unclear so we drop them.

Variables definition The main variables used for the analysis come from the income tax declarations. Some variables are computed by the tax administration based on the information declared.

- *Charitable giving* is declared in cell `7UF` for "general" charitable donations (with the 66% rebate), and in cell `7UD` for donations to charities helping people in need (with the 75% rebate) (see Figure B.1). We consider the two categories separately, as they benefit from different rebate rates, and donations to charities that help people in need are capped at €546. Our main analysis concentrates on the general `7UF` donations.
- *Gross taxable income* aggregates all income declared, before any rebates, and corresponds to the `rbg` variable.
- *Marital status* is directly given by the tax declaration and contains five categories: married, divorced, civil union, single, and widowed.
- The *number of fiscal shares* is computed by the administration based on the household composition and is used to scale the income and the tax due. We use it as an indication of the size of the household.
- The *net income tax* is computed by the tax administration (DGFiP). It corresponds to the `mnirp8` variable before 2016, and to the `nirp8` variable since 2017.
- The *net taxable income* is the income tax base (after deducting numerous rebates) and corresponds to the `rimp` variable.
- *Political giving* is declared in the `7UH` box (see Figure B.1) starting in 2013.
- *Union contributions* are declared in boxes `7AC` for the main taxpayers, `7AE` for the partner, and `7AG` for the dependents. We sum these three boxes at the household level to obtain the total union contribution of the household.

A.3 Wealth tax returns

Cleaning Similarly to what we do for the income tax returns data, we go through a cleaning step for the wealth tax returns.

- We drop the households for which data on wealth is top coded at €200 million (14 in 2016). Indeed, the fiscal administration does not disclose the precise information for the very top of the wealth distribution. Considering that very few households are affected, we prefer to drop them, since we only can access partial fiscal information.

Variables definitions

- *Gross and net wealth* are given in boxes `FG` and `HI`, respectively.
- *Charitable giving* is declared in boxes `NC` and `NG`. The two boxes are intended to disentangle the donations going to French nonprofit organizations from those going to European nonprofit organizations[2]. Since both types of donation benefit from the same reduction and cap, we add them up to obtain our charitable giving to the wealth tax variable.
- We compute the *share of housing wealth* in total wealth using information from the 2010 wealth tax returns, as this is the last year when households had to declare the detailed composition of their wealth. The housing wealth corresponds to the sum of all the boxes related to housing : $AB + AC + BD + BF + BG + BI + BJ + BK$. We then scale this sum by the gross wealth (`FG`) to obtain the share of housing wealth. This information is also available after 2010 for households with a gross wealth larger than €2.57 million, but this only concerns a share of our sample.
- *Wealth tax gain*: we define the gain from the wealth tax reform by computing the observed change in the wealth tax due between 2017 and 2016. If no wealth tax is due in 2017, we set the value of the wealth tax to 0. A negative wealth tax gain means that the wealth tax due in 2017 is lower than that due in 2016.
- *Predicted wealth tax gain*: we also compute a predicted wealth tax gain, using the pre-2010 information on the wealth composition for the households that we can find in that period. We approach the new tax base, restricted to housing assets, by multiplying the last wealth tax base with the average share of housing assets observed before 2010. We then apply the wealth tax schedule to compute a predicted tax on housing assets. The predicted wealth tax gain corresponds to the change between the predicted wealth tax for 2017 and the observed wealth tax in 2016.

A.4 Merging the income- and wealth- tax returns

We merge the income- and the wealth- tax returns data using the unique household identifier for each year. We construct our main sample by keeping all the households that declare their wealth in 2016, the year when we define the treatment and control groups (we relax this assumption in our robustness tests). Second, we drop the households who file a wealth tax return (based on some assets owned in France) but do not file any income tax return. Indeed, we cannot study the political donations for these households (note however that they only represent a very minor part of the sample).

[2]Only 31 European charities are eligible for the tax reduction, see `https://www.impots.gouv.fr/liste-des-organismes-europeens-agrees` for a list.

Variables definition We describe here how we construct the household-level variables that depend on both sources of data.

- We compute the *price of charitable giving* by applying the tax rules to the information declared. If the household is liable to the wealth tax and declares a donation inferior to the threshold (€50,000) and to the gross tax due, it benefits from a 75% reduction rate. If the household is not eligibile to a 75% rate, it can benefit from a 66% rebate through the income tax reduction. We attribute the rate of 66% if the household has not already reached its cap (20% of taxable income) with the donations declared. In this case, the reduction rate is equal to 0. The price finally corresponds to 1 minus the reduction rate.

- The *total charitable giving* is the sum of the charitable giving declared in the income (`7UF`) and the wealth tax returns (`NC` and `NG`).

B Additional details on the historical background and tax legislation

B.1 Details on the tax legislation for political and charitable giving in France

B.1.1 Income tax credit

Tax credit for charitable giving A tax incentive toward charitable giving has existed in France since 1954, but has been significantly modified over time (Fack and Landais, 2010). The initial deduction mechanism, which worked as a rebate from taxable income, was replaced in 1989 by a nonrefundable tax credit of 40%. With a nonrefundable tax credit, all taxpayers benefit from the same tax credit rate equal to x% of the gift, regardless of their income level. However, the gift can only be deducted up to a ceiling currently equal to 20% of the taxable income (if the gift exceeds the ceiling, its reporting can be spread out over five years). Further, given that the tax credit is nonrefundable, the credit cannot exceed the income tax that is due for taxable households.

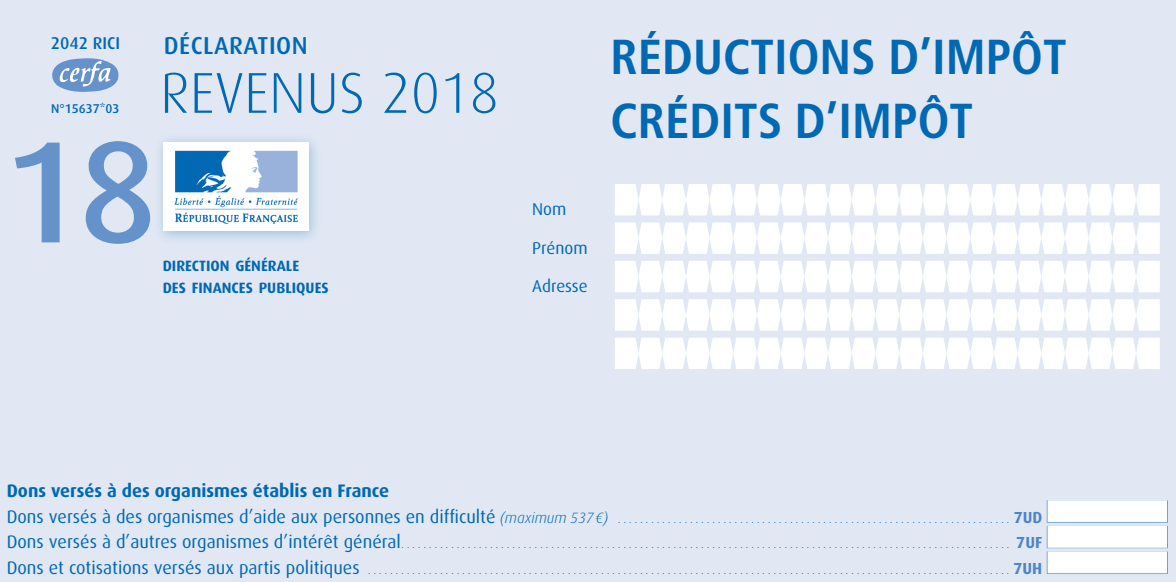
The tax credit rate has been raised three times since the late 1980s: from 40% to 50% in 1996, from 50 to 60% in 2003, and from 60% to 66% in 2005, a rate that has remained unchanged since then.

Tax credit for political giving Political donations, i.e. donations to political parties and to campaigns, have been allowed in France since 1988 (Cagé, 2018; Bekkouche et al., 2022). Tax credits for these donations were introduced at the exact same time, with the same rate as for other charitable donations (i.e., a 66% nonrefundable income tax credit as of today). However, contrary to charitable donations, political donations are limited by law in France. A natural person may contribute up to €4,600 to each campaign, and donate an annual maximum of €7,500 to political parties or groups.[3]

We observe donations to political parties directly in the income tax returns data since 2013 (they were previously bundled with charitable donations). Taxpayers report their charitable and political giving on the same page of their income tax form, but on different rows, as illustrated on Figure B.1. Donations to electoral campaigns are bundled with charitable donations in the tax data.

[3]Corporations are not allowed to contribute to political parties or campaigns since 1995 (Bekkouche et al., 2022; Cagé et al., 2024). Until 2012, individuals were allowed to give €7,500 annually to each of the political parties of their choice. The rule was changed in 2012 – €7,500 overall, taking into account the donations made to all the political parties – because parties were increasingly creating micro-parties to augment the donations they could receive.

Figure B.1: Illustration of the income tax form



Notes: The Figure reports a screen shot of the income tax form for 2018. Taxpayers report their charitable donations in row 7UF (*"dons versés à d'autres organismes d'intérêt général"*) and their political donations in row 7UH (*"dons et cotisations versés aux partis politiques"*). (In 1989, a specific rate was created for the donations to charities that help people in need; these donations are reported in row 7UD – *"Dons versés à des organismes d'aide aux personnes en difficulté"*.)

B.1.2 Wealth tax credit

The wealth tax credit for charitable donations – political donations are not eligible to this tax credit – was introduced in 2007 as part of the *"loi TEPA"*, a fiscal package aimed at lightening the fiscal burden on businesses, liberalizing the labor market and stimulating investment. Interestingly, Section 6 of this Law – introducing the wealth tax credit – went relatively unnoticed at the time, with virtually no media coverage.[4] The wealth tax credit is very generous, however, with a wealth tax reduction equal to 75% of the amount of the donations made, up to a limit of €50,000 per year.[5]

Taxpayers liable to the wealth tax can choose to declare their charitable donations either on the wealth tax or on the income tax return, but they cannot declare it twice. If they reach the €50,000 cap, however, they can split their charitable donations between the two forms, and declare the remaining amount on their income tax form so as to benefit from the

[4] We have gone through all the articles on the law published by the five main daily newspapers (*Le Monde*, *L'Humanité*, *La Croix*, *Le Figaro*, and *Libération*) at the time, and found nearly no mentions of Section 6. All the media attention was focused on Articles 1 to 4 of the law that introduced a tax exemption for overtime, a reform of the inheritance tax, a change of the tax shield, and an experimentation of the "in-work solidarity benefit" (RSA).

[5] There were also very few discussions at the time in the parliament about this specific section of the law – with the exception of some debate about whether political donations should also benefit from it. In particular, no specific estimation was made of the cost of the reform. The only estimation provided was the joint estimated cost of this reduction together with other measures in favor of SMBs (overall, the estimated cost was equal to €410 million per year).

66% credit. However, contrary to the income tax credit, not all nonprofit organizations are eligible to the wealth tax credit. Indeed, only a subset of the nonprofit organizations that are recognized as "being of public utility" (the so-called *Fondations Reconnues d'Utilité Publique* or FRUPs) can benefit from it, as well as the nonprofit research, higher education or artistic institutions of general interest.

As of today, there are 661 FRUPs in France. While this number might seem small, in particular compared to the 1.3 million nonprofit organizations, in fact it is not. Indeed, while the majority of the nonprofit organizations are very small structures, with nearly no funding and most often no employees, FRUPs tend to be much larger and represent a larger part of the not-for-profit sector. Two thirds of the nonprofit organizations have annual budgets of less than €7,500, and only 5% of the nonprofit organizations have an annual budget of more than €150,000.[6] On the contrary, to become a FRUP, a charity needs to have an endowment of at least €1.5 million.[7]

B.2 Details on the history of the wealth tax in France

The wealth tax in France was first introduced in 1982, and has since then been characterized by a history of back-and-forth changes. In this Section, we briefly review the main changes that have taken place since 1982.

1982-1986 – The "Impôt sur les grandes fortunes" The wealth tax in France was first introduced in 1982 under the name "Impôt sur les grandes fortunes" (IGF) with three different rates: 0,5% above 3,000,000 francs, 1% above 5,000,000 francs, and 1,5% above 10,000,000 francs.

A fourth rate was introduced in 1985 (2% above 20,000,000 francs), and a number of small changes in the tax schedule also took place during that time period (see e.g. the IPP's website for a precise description of the different changes in the tax rates and brackets).

1986-1989 – The repeal of the "Impôt sur les grandes fortunes" The wealth tax was repealed in 1986 after the Right won the legislative elections.

1989-2017 – The "Impôt de solidarité sur la fortune" at the forefront of the political debate The wealth tax was reintroduced in 1989 (when the Left came back to power) under the name "Impôt de solidarité sur la fortune" (ISF), with four rates at the time (0.5%, 0.7%, 0.9% and 1.1%) that have been changed multiple times (as well as the

[6] According to the Ministry of the interior. 92% of the nonprofit organizations have annual budgets of less than €75,000.

[7] Law n°87-571 of July 23, 1987 on the development of patronage.

corresponding brackets) between 1989 and 2017 (see e.g. the IPP's website for the list of all these changes).

Furthermore, a number of caps (e.g. with respect to the overall tax rate) have also been introduced and reformed several times during that time period.

More generally, between 1989 and 2017, the need to repeal (or reform) the wealth tax was discussed multiple times during national elections. E.g. in 2007, while running for president, Nicolas Sarkozy defended the idea of a "tax shield" (*"bouclier fiscal"*). Once elected president, he passed a tax law in 2007 that adjusted the ISF so that the sum of all taxes due in France would not exceed 50% of the annual revenues. He overturned this in 2011, while simultaneously lowering the rates of the ISF. Following his 2011 reform, the ISF only applied to taxpayers with assets exceeding €1.3 million and comprised only two brackets. François Fillon was prime minister at the time.

The 2017 Presidential campaign When he ran for president in 2017, Fillon campaigned to repeal the ISF.

In contrast, Emmanuel Macron defended the idea of transforming the ISF into what he called at the time a tax on real estate income (*"un impôt sur la rente immobilière"*). The objective of the reform was to redirect savings on a massive scale toward the productive economy, i.e., businesses, by only taxing real estate and exempting everything that finances the real economy.[8] In other words, the motivation for the reform was to tax only non-productive assets and to no longer tax productive ones, i.e. to guarantee both social justice and redistribution on the one hand and "economic efficiency" on the other hand.

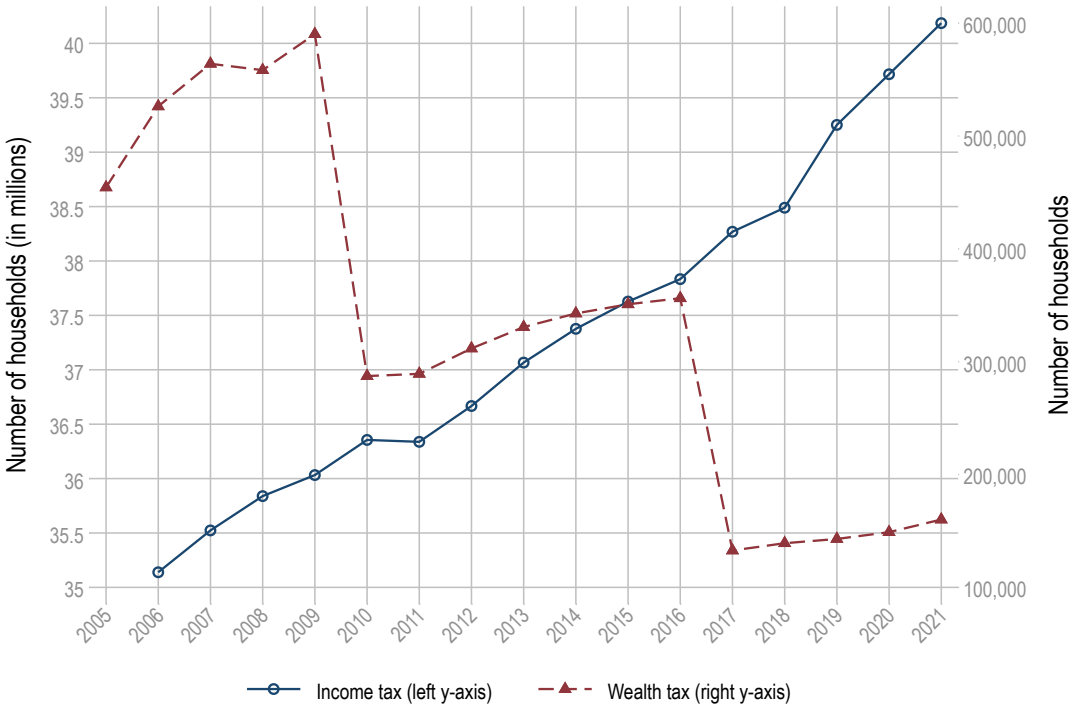
The 2017 reform In 2017, once elected president, Macron transformed the *Impôt de solidarité sur la fortune* (solidarity tax on wealth) into an *Impôt sur la fortune immobilière* (real-estate tax). This reform did not modify the tax schedule but restricted the definition of the tax base to real-estate assets, excluding other investments (in particular financial assets) which were previously included. With this transformation of the wealth tax, two thirds of the households liable to the wealth tax on their 2016 wealth were no longer liable for their 2017 wealth.

Note that the 2017 wealth tax reform was a relatively small shock to the overall budget of France. According to a Senate information report, the solidarity tax on wealth occupied a modest place in the socio-fiscal system before the reform, with a net budgetary yield of €4.2 billion in 2017, i.e. slightly less than 5% of total compulsory levies on capital paid by households, which at the time amounted to nearly €92 billion (and only around 2% of the overall compulsory levies on capital).

[8] See e.g. *"l'objectif est de réorienter massivement l'épargne vers l'économie productive"* in *Le Figaro*, "La suppression de l'ISF au cœur de la présidentielle", March 16, 2017.

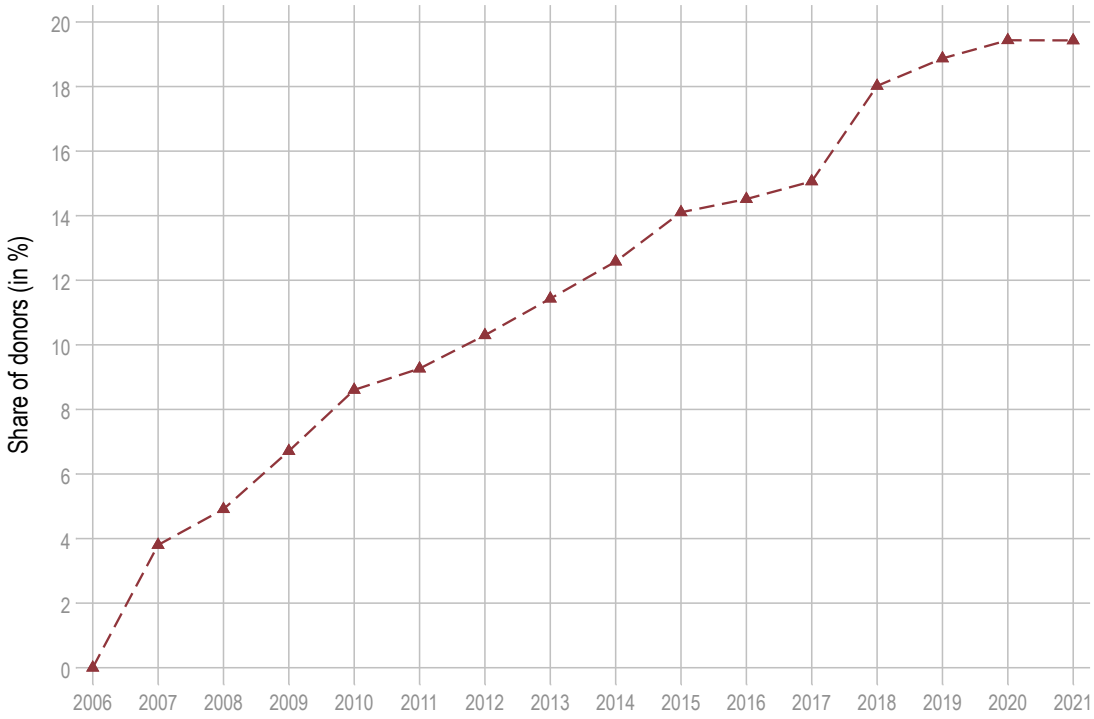
C Additional figures

Figure C.1: Total number of households liable to income tax and / or to wealth tax



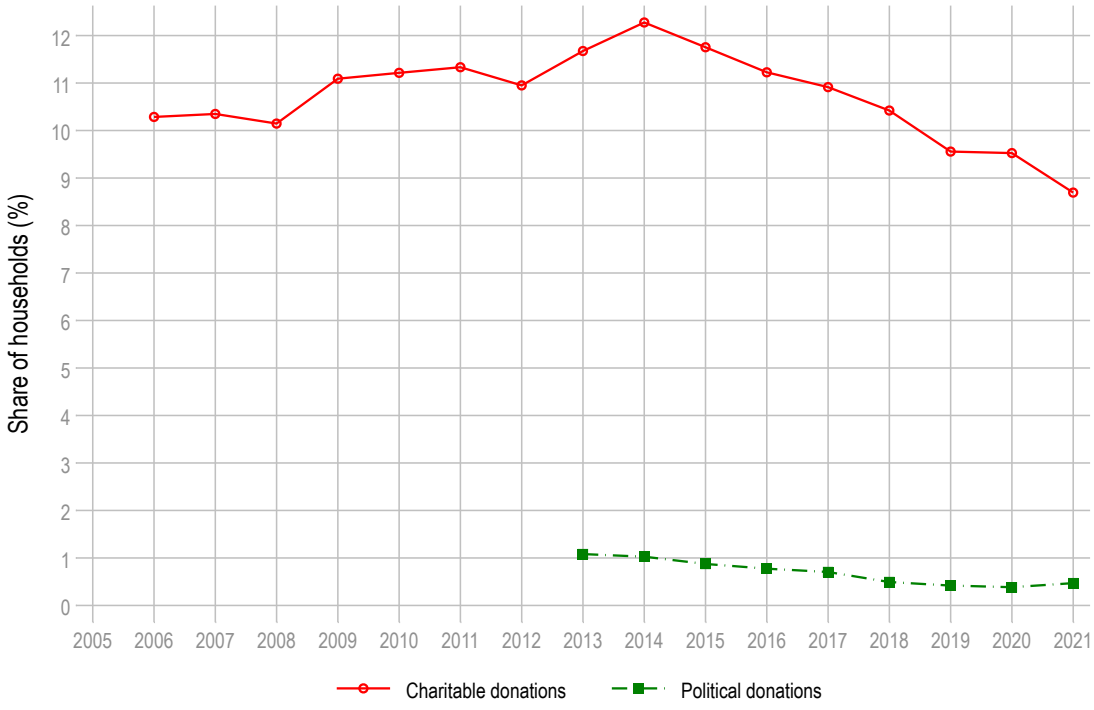
Notes: The Figure plots the evolution of the number of households who file an income tax and a wealth tax declaration per year. The time period covered is 2006-2021. The number of households liable to the income tax is reported on the left y-axis (blue line with dots) and the number of households liable to the wealth tax on the right y-axis (dashed red line with triangle). The drop in the number of wealth tax payers observed in 2010 is due to the 2011 wealth tax reform: the amount of net property assets above which individuals are liable for the wealth tax was increased from €0.8 to €1.3 million. The drop in the number of wealth tax payers observed in 2017 is due to the 2017 wealth tax reform described in Section 2.2.

Figure C.2: Wealth tax donations: Evolution of the share of the households who declare a charitable donation on their wealth tax return, 2006-2021



Notes: The Figure plots the evolution of the share of the households liable to the wealth tax who declare a charitable donation on their wealth tax form per year. The time period covered is 2006-2021.

Figure C.3: Income tax donations: Evolution of the share of the households who declare a charitable donation and of the share of the households who declare a political donation on their income tax return, 2006-2021

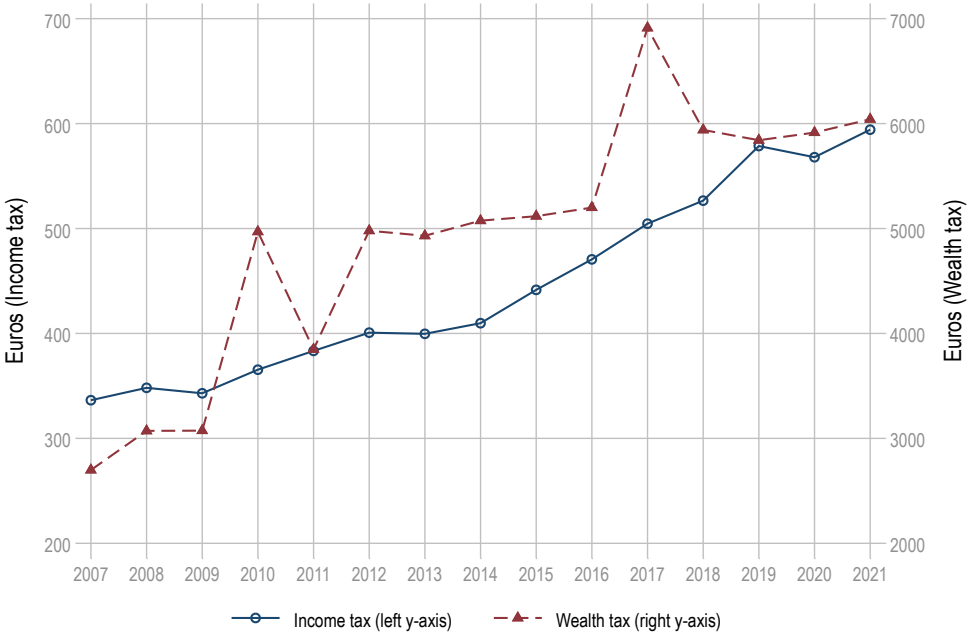


Notes: The figure plots the evolution of the share of the households liable to the income tax who declare a donation on their income tax form per year. The time period covered is 2006-2021. The red line with dots plots this share for the charitable donations and the dash-dot green line with squares for the political donations. Political donations have been reported separately on the income tax form only since 2013.

Figure C.4: Evolution of the average amount of the charitable donations declared on the income and the wealth tax forms, 2006-2021

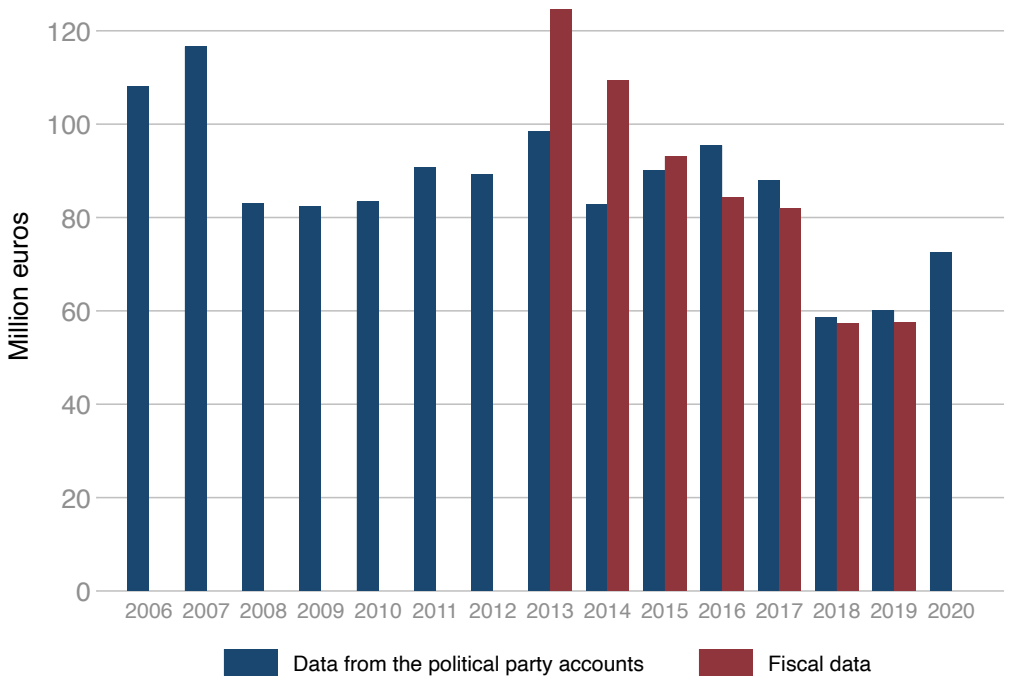
(a) **All households**

(b) **Only donors**



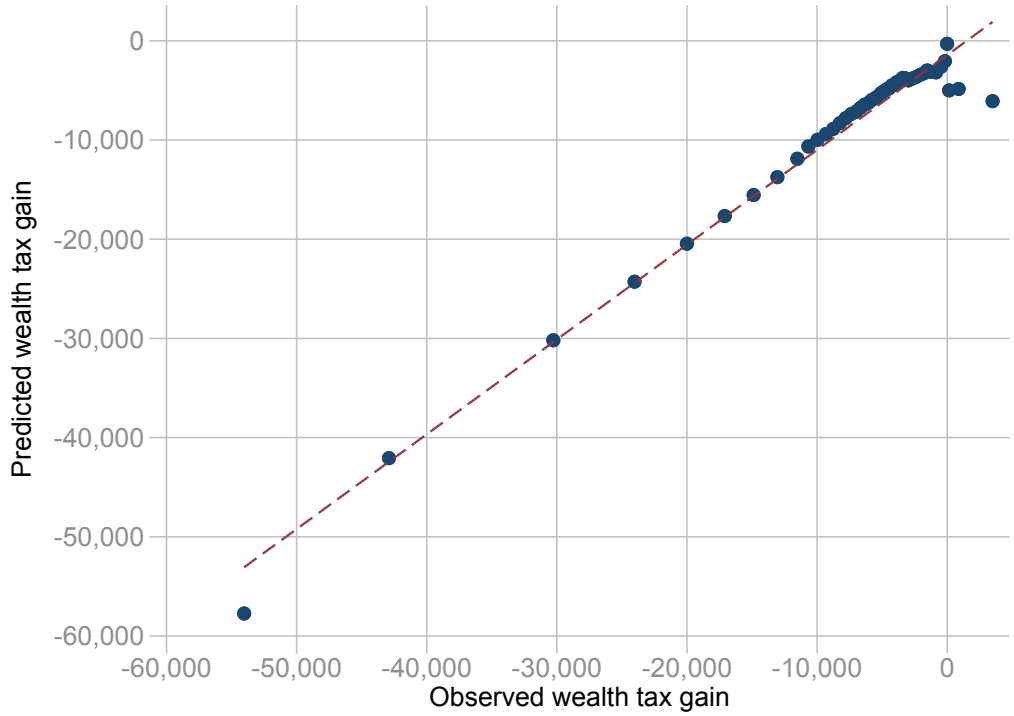
Notes: The Figure reports the evolution of the average amount of the charitable donations reported on the income tax and wealth tax forms. The time period covered is 2006-2021. The income tax donations are reported on the left y-axis (blue line with dots) and the wealth tax donations on the right y-axis (dashed red line with triangle). The upper Figure C.4a plots the average amount given when all the households are included (i.e. including the households who declare no donation and for which the amount of charitable donations is set to 0). The bottom Figure C.4b plots the average amount given by donors.

Figure C.5: Evolution of the total amount of donations received by the political parties: data from the political party accounts vs. fiscal data, 2006-2020



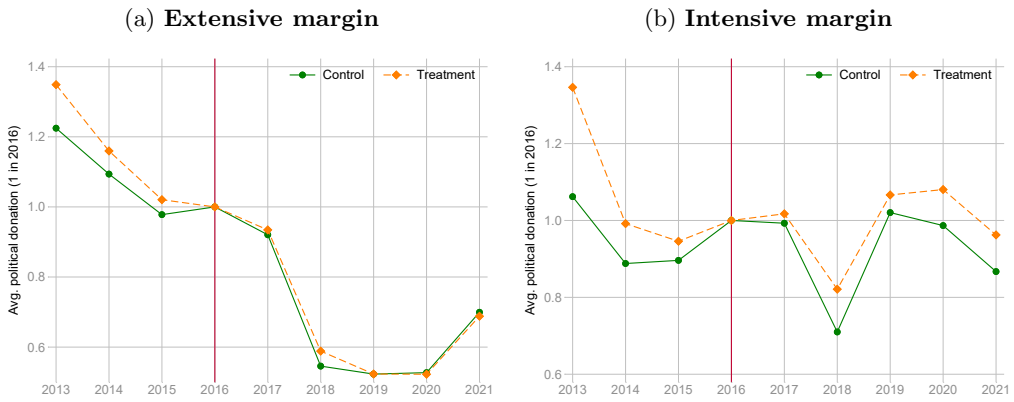
Notes: The Figure plots the evolution of the total amount of the donations received by the political parties depending on whether we consider the political parties' accounts (blue bars) or the overall amount of political giving declared on the income tax returns (red bars). The time period covered is 2006-2020. Total donations include the donations from individuals, as well as the party membership fees and the contributions from elected officials that benefit from the same tax treatment (tax rebate equal to 66% of the amount of the donation).

Figure C.6: Predicted vs. observed wealth tax gain



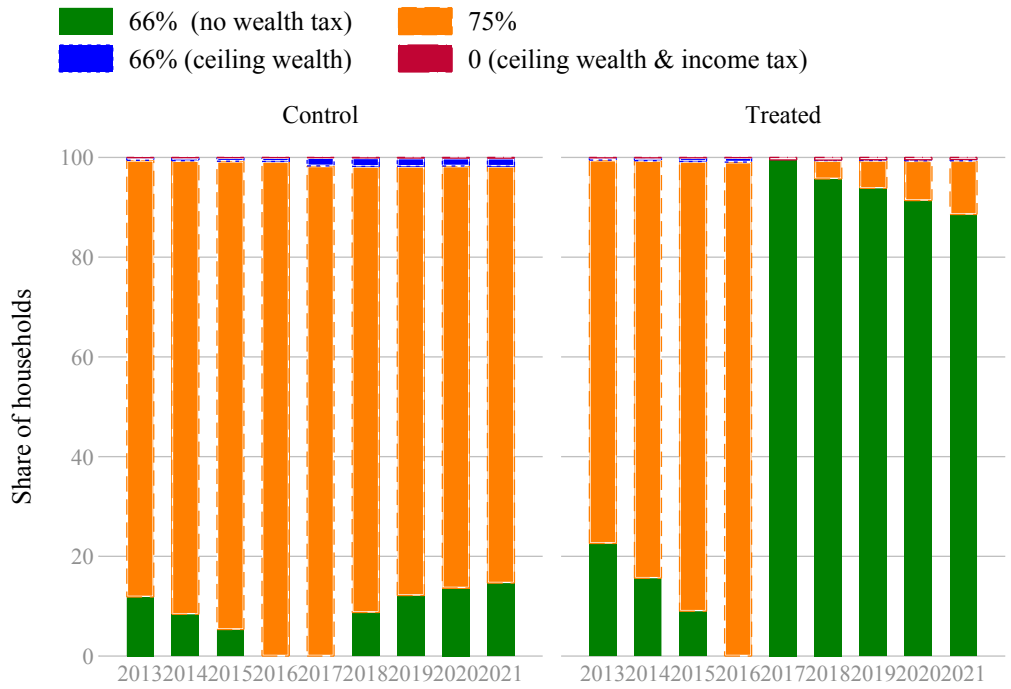
Notes: The Figure represents the observed wealth tax gain (= tax on housing assets for 2017 − wealth tax for 2016) on the x-axis (50 bins) against a prediction of the wealth tax gain, based on the observed pre-2010 wealth composition. To do so, we compute a predicted tax base for the tax on housing asset by applying the observed pre-2010 wealth composition to the last pre-reform wealth tax schedule. We then apply the tax schedule (including the reductions observed for 2016) to the predicted tax base to compute the predicted tax on housing assets. Finally, the predicted wealth tax gain is defined by the difference between the predicted tax on housing assets and the observed 2016 wealth tax.

Figure C.7: Impact of the wealth tax reform on political donations



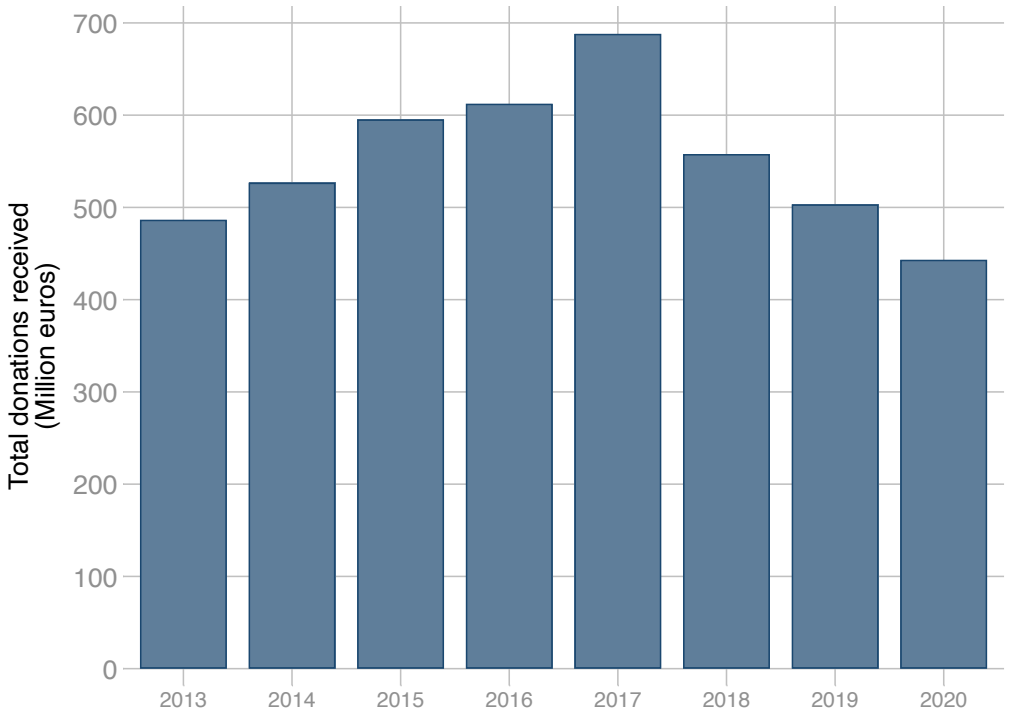
Notes: The Figure plots the average amount of political donations at the extensive (panel (a)) and intensive (panel (b)) margins (normalized to one in 2016) separately for the "control" households (green line with dots) who continue paying the real-estate tax following the 2017 wealth tax reform and the "treated" households (orange line with diamonds) who are no longer liable to the wealth tax in 2017. Our sample of analysis includes all the households subject to the wealth tax in 2016 who face wealth tax gain between €0 and €15,000 following the reform. Charitable giving includes all the charitable donations declared on both the income tax and the wealth tax returns.

Figure C.8: Change in the price of charitable giving following the 2017 wealth tax reform, Households who face a wealth tax gain between €0 and €15,000 following the wealth tax reform



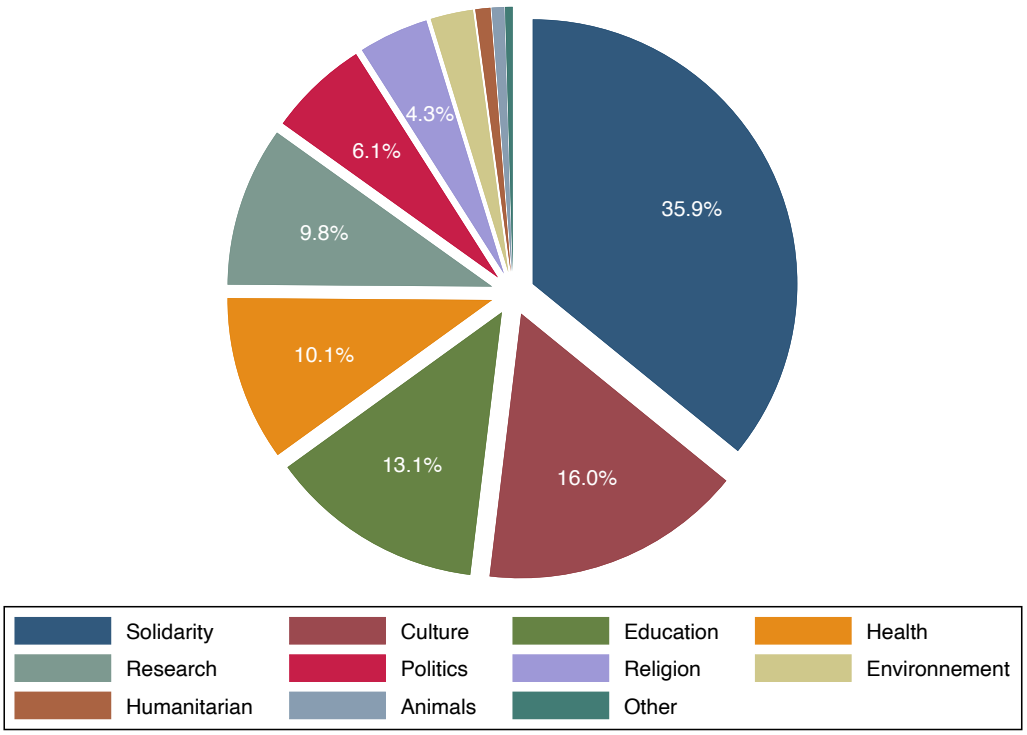
Notes: The Figure plots the change in the price of charitable giving separately for the "control" households who continue paying the real-estate tax following the 2017 wealth tax reform and the "treated" households who are no longer liable to the wealth tax in 2017. Our sample contains the 282,999 households of the "similar wealth tax gain" sample.

Figure C.9: Total amount of donations received by the FRUPs



Notes: The Figure plots the evolution of the total amount of donations received by the FRUPs. The time period covered is 2013-2020. Data are from the foundations' reports.

Figure C.10: Share of the FRUPs in our sample depending on their "category"



Notes: Authors' own manual classification based on the FRUPs' stated purpose (categories defined according to Reich (2018)).

D Additional tables

Table D.1: Political giving and charitable giving: Correlation

	Declare a political donation			Amount of the political donation		
	(1)	(2)	(3)	(4)	(5)	(6)
log(Amount of charitable donations)	-0.192***	-0.214***	-0.214***	-22.109***	-22.333***	-22.355***
	(0.008)	(0.008)	(0.008)	(3.512)	(3.529)	(3.530)
Year FE	✓	✓	✓	✓	✓	✓
Household FE	✓	✓	✓	✓	✓	✓
Controls		✓	✓		✓	✓
Wealth tax gain			✓			✓
Observations	2,360,888	2,360,786	2,360,786	75,452	75,452	75,452
Cluster(households)	282,496	282,491	282,491	19,138	19,138	19,138
Mean Dep Var	4.01	4.01	4.01	476.741	476.741	476.741
Sd Dep Var	19.61	19.61	19.61	1373.753	1373.753	1373.753

Notes: * p<0.10, ** p<0.05, *** p<0.01. The time period is 2013-2021. Models are estimated using OLS (standard errors clustered at the household level between parentheses). The estimating equation is: $y_{i,t} = \alpha_0 + \alpha_1 \text{Treatment}_i \times Post_t + \mathbf{X'_{i,t}}\boldsymbol{\alpha_2} + \sum_{s=2013}^{2021} \mathbb{1}[t=s] * \mathbf{Y'_i}\boldsymbol{\alpha_{3,s}} + \eta_i + \gamma_t + u_{it}$. An observation is a household-year. All specifications include household and year fixed effects. Columns (2), (3), (5), and (6) also control for household-level observables, and Column (3) and (6) for the wealth tax gain. In Columns (1) to (3) (extensive margin), the dependent variable is an indicator variable equal to one if the household made a political donation, and to zero otherwise. The sample includes all the households liable to the wealth tax in 2016 who face a wealth tax gain between €0 and €15,000 following the reform.. In Columns (4) to (6) (intensive margin), the dependent variable is the amount of political donations (conditional on giving). The sample includes all the households who declare a political donation every year in the pre-reform period.

Table D.2: Descriptive statistics: Characteristics of the treated and of the control households in 2016 (sample of households facing similar wealth tax gains)

	Control	Treatment	Diff/se
Age (individual 1)	68	68	-1***
			(0)
Households characteristics			
Single	0.06	0.09	-0.03***
			(0.00)
Divorced	0.08	0.07	0.00***
			(0.00)
Married	0.69	0.64	0.05***
			(0.00)
Civil agreement	0.02	0.02	0.00
			(0.00)
Widowed	0.15	0.17	-0.02***
			(0.00)
Number of fiscal shares	2.1	2.0	0.1***
			(0.0)
Income and wealth			
Gross Taxable Income	149,633	99,742	49,891***
			(582)
Taxable wealth	2,772,574	1,901,945	870,629***
			(6,779)
Share of housing wealth	0.59	0.42	0.18***
			(0.00)
Political and charitable givings			
Charitable donations (income tax)	850	579	271***
			(20)
Total donation (wealth tax)	653	373	280***
			(11)
Charitable donations (income & wealth tax)	1,503	952	551***
			(24)
Political donations (income tax)	38	17	21***
			(1)
Tax policy variables			
Price of giving	0.25	0.25	-0.00*
			(0.00)
Wealth tax change	-4,741	-5,051	310***
			(15)
Observations	282,999		

Notes: The table shows descriptive statistics for the main variables used in the analysis for 2016 for the two groups. The sample consists of all the households liable to the wealth tax on their 2016 wealth who face wealth tax gain between €0 and €15,000 following the reform. The control group (Column (1)) corresponds to the households who are still liable to the wealth tax in 2017, while the households included in the treated group (Column (2)) are not.

Table D.3: The impact of the price of charitable giving (both margins) on political giving: IV estimates

	OLS			2SLS		
	(1)	(2)	(3)	(4)	(5)	(6)
$\log(1-\tau)$	2.697	4.598*	4.745*	27.475***	24.468***	24.105***
	(2.500)	(2.498)	(2.535)	(4.565)	(4.518)	(4.472)
Year FE	✓	✓	✓	✓	✓	✓
Household FE	✓	✓	✓	✓	✓	✓
Controls		✓	✓		✓	✓
Wealth tax gain			✓			✓
Observations	2,360,888	2,360,786	2,360,786	2,360,888	2,360,786	2,360,786
Cluster(households)	282,496	282,491	282,491	282,496	282,491	282,491
Mean Dep Var	19.099	19.099	19.099	19.099	19.099	19.099
Sd Dep Var	290.417	290.417	290.417	290.417	290.417	290.417

Notes: * p<0.10, ** p<0.05, *** p<0.01. The time period is 2013-2021. Models are estimated using OLS in Columns (1) to (3) and 2SLS in Columns (4) to (6) (standard errors clustered at the household level between parentheses), using the following equation $y_{i,t} = \beta_0 + \beta_1 ln\left(1-\tau\right)_{i,t} + \mathbf{X_{i,t}'}\boldsymbol{\beta_2} + \sum_{s=2013}^{2021} \mathbb{1}[t=s] * \mathbf{Y_i'}\boldsymbol{\beta_{3,s}} + \eta_i + \gamma_t + u_{it}$. The dependent variable is the amount of the donations. In Columns (4) to (6), the price of charitable giving is instrumented by the interaction between Treatment_i and $Post_t$ (see equation 3). Our sample of analysis includes all the households subject to the wealth tax in 2016 who face a wealth tax gain between €0 and €15,000 following the reform. The vector of controls include (i) the following time-varying household-level controls: number of fiscal shares, marital status, a categorical variable for age, and 10-splines in income; and (ii) the following time-invariant household-level controls: average gross wealth for 2013-2016 and average wealth tax donations for 2013-2016, interacted with indicator variables for years. All specifications control for year and household fixed effects.

Table D.4: The impact of the 2017 wealth tax reform on charitable giving: Difference-in-differences estimates

	Probability of declaring a donation			Amount of the donation		
	(1)	(2)	(3)	(4)	(5)	(6)
Treated × Post	-2.330***	-2.026***	-2.050***	-659.700***	-708.419***	-711.930***
	(0.127)	(0.128)	(0.128)	(41.679)	(39.548)	(39.166)
Year FE	✓	✓	✓	✓	✓	✓
Household FE	✓	✓	✓	✓	✓	✓
Controls		✓	✓		✓	✓
Wealth tax gain			✓			✓
Observations	2,360,888	2,360,786	2,360,786	1,195,851	1,195,850	1,195,850
Cluster(households)	282,496	282,491	282,491	189,603	189,603	189,603
Mean Dep Var	51.66	51.66	51.66	1902	1902	1902
Sd Dep Var	49.97	49.97	49.97	8287	8287	8287

Notes: * p<0.10, ** p<0.05, *** p<0.01. The time period is 2013-2021. Models are estimated using OLS (standard errors clustered at the household level between parentheses). The estimating equation is: $y_{i,t} = \alpha_0 + \alpha_1 \text{Treatment}_i \times Post_t + \mathbf{X'_{i,t}}\boldsymbol{\alpha_2} + \sum_{s=2013}^{2021} \mathbb{1}[t=s] * \mathbf{Y'_i}\boldsymbol{\alpha_{3,s}} + \eta_i + \gamma_t + u_{it}$. The dependent variable is an indicator variable equal to one if the household declares a charitable donation (both income and wealth tax returns), and to zero otherwise in Columns (1) to (3). In Columns (4) to (6), for the subset of households who made a charitable donation, the dependent variable is the amount given. An observation is a household-year. Our sample of analysis includes all the households subject to the wealth tax in 2016 who face a wealth tax gain between €0 and €15,000 following the reform. The vector of controls include (i) the following time-varying household-level controls: number of fiscal shares, marital status, a categorical variable for age, and 10-splines in income; and (ii) the following time-invariant household-level controls: average gross wealth for 2013-2016 and average wealth tax donations for 2013-2016, interacted with indicator variables for years. All specifications control for year and household fixed effects.

Table D.5: The impact of the price of charitable giving on the probability of making a charitable donation (extensive margin): Second-stage estimates

	OLS			2SLS		
	(1)	(2)	(3)	(4)	(5)	(6)
$\log(1-\tau)$	-5.551***	-2.878***	-2.837***	-9.579***	-8.375***	-8.362***
	(0.272)	(0.275)	(0.278)	(0.522)	(0.528)	(0.521)
Year FE	✓	✓	✓	✓	✓	✓
Household FE	✓	✓	✓	✓	✓	✓
Controls		✓	✓		✓	✓
Wealth tax gain			✓			✓
Observations	2,360,888	2,360,786	2,360,786	2,360,888	2,360,786	2,360,786
Cluster(households)	282,496	282,491	282,491	282,496	282,491	282,491
Mean Dep Var	51.66	51.66	51.66	51.66	51.66	51.66
Sd Dep Var	49.97	49.97	49.97	49.97	49.97	49.97

Notes: * p<0.10, ** p<0.05, *** p<0.01. The time period is 2013-2021. Models are estimated using OLS in Columns (1) to (3) and 2SLS in Columns (4) to (6) (standard errors clustered at the household level between parentheses), using the following equation $y_{i,t} = \beta_0 + \beta_1 ln\left(1-\tau\right)_{i,t} + \mathbf{X_{i,t}'}\boldsymbol{\beta_2} + \sum_{s=2013}^{2021} \mathbb{1}[t=s] * \mathbf{Y_i'}\boldsymbol{\beta_{3,s}} + \eta_i + \gamma_t + u_{it}$. The dependent variable is the probability of declaring a donation to a charity. In Columns (4) to (6), the price of charitable giving is instrumented by the interaction between Treatment_i and $Post_t$ (see equation 3). Our sample of analysis includes all the households subject to the wealth tax in 2016 who face a wealth tax gain between €0 and €15,000 following the reform. An observation is a household-year. The vector of controls include (i) the following time-varying household-level controls: number of fiscal shares, marital status, a categorical variable for age, and 10-splines in income; and (ii) the following time-invariant household-level controls: average gross wealth for 2013-2016 and average wealth tax donations for 2013-2016, interacted with indicator variables for years. All specifications control for year and household fixed effects.

Table D.6: The impact of the price of charitable giving on the amount of charitable donations, conditional on giving (intensive margin): Second-stage estimates

	OLS			2SLS		
	(1)	(2)	(3)	(4)	(5)	(6)
$\log(1-\tau)$	3,467***	3,783***	3,817***	-2,635***	-2,843***	-2,830***
	(346)	(361)	(364)	(167)	(159)	(156)
Year FE	✓	✓	✓	✓	✓	✓
Household FE	✓	✓	✓	✓	✓	✓
Controls		✓	✓		✓	✓
Wealth tax gain			✓			✓
Observations	1,195,851	1,195,850	1,195,850	1,195,851	1,195,850	1,195,850
Cluster(households)	189,603	189,603	189,603	189,603	189,603	189,603
Mean Dep Var	1902	1902	1902	1902	1902	1902
Sd Dep Var	8287	8287	8287	8287	8287	8287

Notes: * p<0.10, ** p<0.05, *** p<0.01. The time period is 2013-2021. Models are estimated using OLS in Columns (1) to (3) and 2SLS in Columns (4) to (6) (standard errors clustered at the household level between parentheses), using the following equation $y_{i,t} = \beta_0 + \beta_1 ln\left(1-\tau\right)_{i,t} + \mathbf{X'_{i,t}}\boldsymbol{\beta_2} + \sum_{s=2013}^{2021} \mathbb{1}[t=s] * \mathbf{Y'_i}\boldsymbol{\beta_{3,s}} + \eta_i + \gamma_t + u_{it}$. The dependent variable is the amount of charitable donations (conditional on giving). In Columns (4) to (6), the price of charitable giving is instrumented by the interaction between Treatment$_i$ and $Post_t$ (see equation 3). Our sample of analysis includes all the households subject to the wealth tax in 2016 who face a wealth tax gain between €0 and €15,000 following the reform, and who declare a charitable donation. An observation is a household-year. The vector of controls include (i) the following time-varying household-level controls: number of fiscal shares, marital status, a categorical variable for age, and 10-splines in income; and (ii) the following time-invariant household-level controls: average gross wealth for 2013-2016 and average wealth tax donations for 2013-2016, interacted with indicator variables for years. All specifications control for year and household fixed effects.

Table D.7: The impact of the price of charitable giving on the amount of charitable donations (both margins): Second-stage estimates

	OLS			2SLS		
	(1)	(2)	(3)	(4)	(5)	(6)
$\log(1-\tau)$	2,333***	2,480***	2,512***	-1,610***	-1,707***	-1,697***
	(226)	(232)	(234)	(92)	(88)	(86)
Year FE	✓	✓	✓	✓	✓	✓
Household FE	✓	✓	✓	✓	✓	✓
Controls		✓	✓		✓	✓
Wealth tax gain			✓			✓
Observations	2,360,888	2,360,786	2,360,786	2,360,888	2,360,786	2,360,786
Cluster(households)	282,496	282,491	282,491	282,496	282,491	282,491
Mean Dep Var	982	982	982	982	982	982
Sd Dep Var	6032	6032	6032	6032	6032	6032

Notes: * p<0.10, ** p<0.05, *** p<0.01. The time period is 2013-2021. Models are estimated using OLS in Columns (1) to (3) and 2SLS in Columns (4) to (6) (standard errors clustered at the household level between parentheses), using the following equation $y_{i,t} = \beta_0 + \beta_1 ln\left(1-\tau\right)_{i,t} + \mathbf{X_{i,t}'}\boldsymbol{\beta_2} + \sum_{s=2013}^{2021} \mathbb{1}[t=s] * \mathbf{Y_i'}\boldsymbol{\beta_{3,s}} + \eta_i + \gamma_t + u_{it}$. The dependent variable is the amount of charitable donation. In Columns (4) to (6), the price of charitable giving is instrumented by the interaction between Treatment$_i$ and $Post_t$ (see equation 3). Our sample of analysis includes all the households subject to the wealth tax in 2016 who face a wealth tax gain between €0 and €15,000 following the reform. The vector of controls include (i) the following time-varying household-level controls: number of fiscal shares, marital status, a categorical variable for age, and 10-splines in income; and (ii) the following time-invariant household-level controls: average gross wealth for 2013-2016 and average wealth tax donations for 2013-2016, interacted with indicator variables for years. All specifications control for year and household fixed effects.

Table D.8: The impact of the price of charitable giving on the log of the amount of charitable donations (intensive margin): Second-stage estimates

	OLS			2SLS		
	(1)	(2)	(3)	(4)	(5)	(6)
$\log(1-\tau)$	-0.184***	-0.160***	-0.157***	-0.691***	-0.774***	-0.773***
	(0.011)	(0.011)	(0.011)	(0.019)	(0.019)	(0.019)
Year FE	✓	✓	✓	✓	✓	✓
Household FE	✓	✓	✓	✓	✓	✓
Controls		✓	✓		✓	✓
Wealth tax gain			✓			✓
Observations	1,195,851	1,195,851	1,195,851	1,195,851	1,195,851	1,195,851
Cluster(households)	189,604	189,604	189,604	189,604	189,604	189,604
Mean Dep Var	6.235	6.235	6.235	6.235	6.235	6.235
Sd Dep Var	1.605	1.605	1.605	1.605	1.605	1.605

Notes: * p<0.10, ** p<0.05, *** p<0.01. The time period is 2013-2021. Models are estimated using OLS in Columns (1) to (3) and 2SLS in Columns (4) to (6) (standard errors clustered at the household level between parentheses), using the following equation $y_{i,t} = \beta_0 + \beta_1 ln\left(1-\tau\right)_{i,t} + \mathbf{X'_{i,t}}\boldsymbol{\beta_2} + \sum_{s=2013}^{2021} \mathbb{1}[t=s] * \mathbf{Y'_i}\boldsymbol{\beta_{3,s}} + \eta_i + \gamma_t + u_{it}$. The dependent variable is the log of the amount of charitable donation. In Columns (4) to (6), the price of charitable giving is instrumented by the interaction between Treatment$_i$ and $Post_t$ (see equation 3). Our sample of analysis includes all the households subject to the wealth tax in 2016 who face a wealth tax gain between €0 and €15,000 following the reform. The vector of controls include (i) the following time-varying household-level controls: number of fiscal shares, marital status, a categorical variable for age, and 10-splines in income; and (ii) the following time-invariant household-level controls: average gross wealth for 2013-2016 and average wealth tax donations for 2013-2016, interacted with indicator variables for years. All specifications control for year and household fixed effects.

E Heterogeneity of the effects

In the paper, we show that there is substitutability between charitable and political donations. In this Appendix section, we consider a number of dimensions of heterogeneity that we present in turn. For each dimension, we report the point estimates corresponding to our most demanding Difference-in-Differences specification (with year and household fixed effects and the full set of controls, as in Column (6) of Table 2) (estimation of equation (2)).

Figure E.2 reports the results; sub-Figure E.2a shows the extensive-margin estimates and sub-Figure E.2b the intensive-margin ones.[9] First, we investigate whether the magnitude of the effects varies depending on whether the households made a charitable donation before 2016. We find that the political donation increases at the extensive margin for the treated households compared to the control ones following the reform, both for the households who made a charitable donation before 2016 and for those who did not, and that the magnitude of the effect is not significantly different for the two groups. This is not the case, however, at the intensive margin (the average amount given conditional on giving), where the effect is not significant.

Second, we investigate whether the magnitude of the effects varies depending on the wealth of the households. To do so, we split our sample of households into three terciles depending on their 2016 wealth (before the reform). We consider first the overall wealth, and then the share of the housing wealth in the total wealth. In the former case ("2016 wealth tercile"), we find that the magnitude of the effect is higher for the households in the upper wealth tercile compared to the households in the first two terciles for which it is relatively similar (further, the effect is only statistically significant for the households in the top wealth terciles). The difference between top and bottom terciles is statistically significant at the intensive margin.

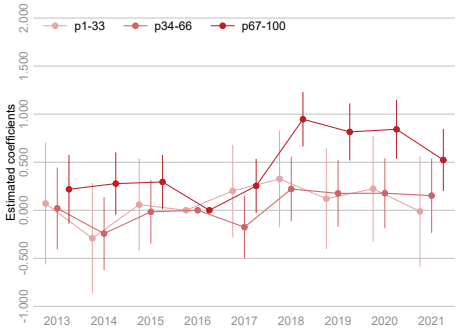
Next, we use the pre-2010 information on wealth composition to estimate the elasticity depending on the share of housing wealth in total wealth ("Housing wealth tercile").[10] Decomposing our sample into terciles of housing wealth, we find that the magnitude of the effects decreases with the share of housing wealth, both at the extensive and at the intensive margin. The effects are not statistically significant for the households in the top tercile. The difference between the top and the bottom terciles is statistically significant at the extensive margin. This last point suggests that the impact of the reform on political donations is driven by households owning some financial assets (and so who were more affected by the reform, which restricted the wealth tax base to real-estate assets).

[9] We report descriptive statistics on the value of the dependent variable for each of the sub-samples considered in Table E.1. Figure E.1 reports the estimated coefficients overtime and shows that there is no pre-trend.

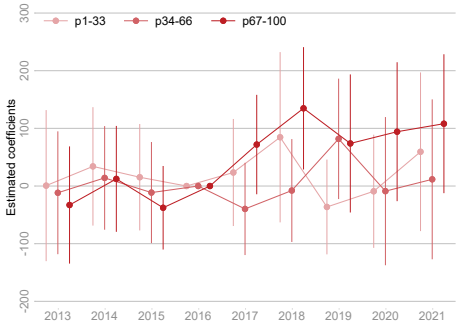
[10] Before 2010, all the households liable to the wealth tax indeed had to provide on their wealth tax form their detailed wealth composition. Since the 2011 wealth tax reform (and until 2018), only the households whose wealth is above €2,507,000 have to do so.

Figure E.1: The impact of the 2017 wealth tax reform on political donations: Reduced-form event study, by sub-sample

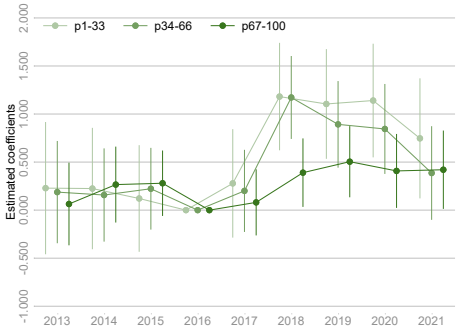
(a) **By tercile of 2016 wealth [Extensive margin]**



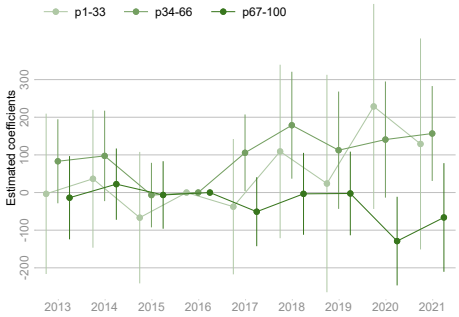
(b) **By tercile of 2016 wealth [Intensive margin]**



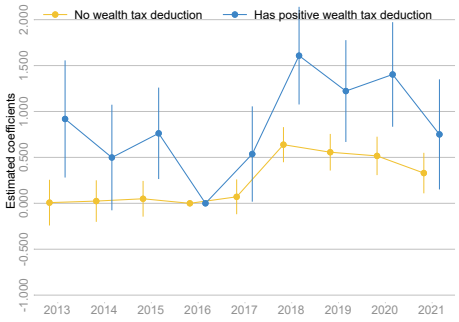
(c) **By tercile of share of housing wealth [Extensive margin]**



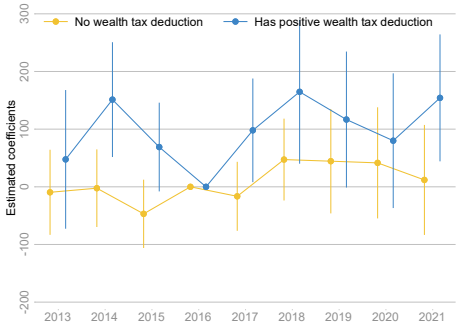
(d) **By tercile of share of housing wealth [Intensive margin]**



(e) **By giving behaviour [Extensive margin]**



(f) **By giving behaviour [Intensive margin]**



Notes: The Figure shows the coefficients from the following estimation: $\text{political giving}_{i,t} = \alpha_0 + \sum_{t=2013}^{2021} \alpha_t \left(\lambda_t * \text{Treatment}_i\right) + \mathbf{X'_{i,t}}\boldsymbol{\beta_2} + \eta_i + \gamma_t + u_{it}$ for different subsamples. 2016 is the baseline year. Standard errors are clustered at the household level. Statistical significance is measured at the five-percent level. All samples are restricted to the households subject to the wealth tax in 2016 who face wealth tax gain between €0 and €15,000 following the reform. Panel (a) and (b) decompose the sample by the tercile of the 2016 wealth. Panel (c) and (d) decompose the sample by the tercile of the share of housing wealth in 2016. Panel (e) and (f) decompose the sample by whether or not the household gave to a charity in 2013-2016.

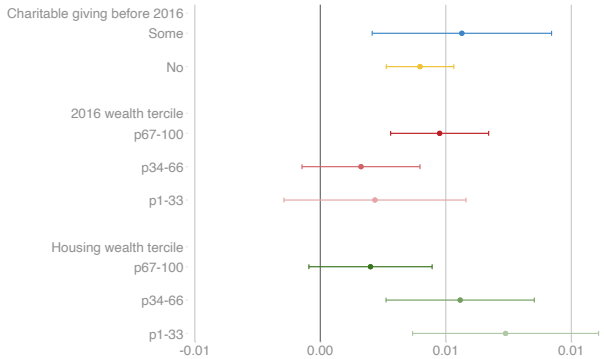
Table E.1: Descriptive statistics by heterogeneity groups, 2016

	Declare a political donation		Amount of non zero political donation	
	Mean	Count	Mean	Count
Tercile of 2016 wealth				
p1-33	0.04	117,077	444	1,690
p34-66	0.05	117,076	507	1,622
p67-100	0.06	117,076	1,065	1,948
Tercile of 2010 housing share				
p1-33	0.05	81,658	758	1,143
p34-66	0.06	81,657	655	1,438
p67-100	0.06	81,657	645	1,501
Declared a charitable donation before 2016				
No	0.04	282,436	626	3,473
Yes	0.09	68,793	825	1,787

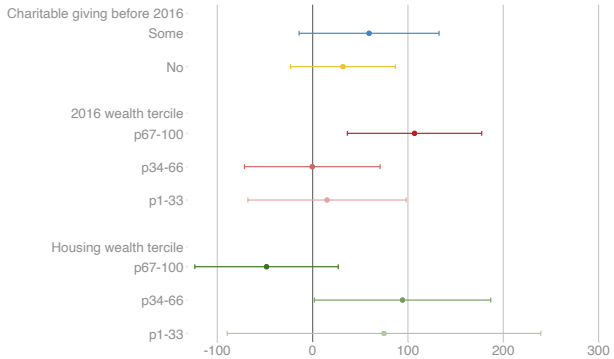
Notes: The table shows descriptive statistics on the probability of declaring a political donation (Columns (1) and (2)) and on the amount of these political donations (conditional on giving) (Columns (3) and (4)) for 2016, for different sub-samples. We consider separately the households in our sample depending (i) on whether they made a charitable donation before 2016 ("Charitable giving before 2016"), (ii) on their 2016 wealth tercile ("2016 wealth tercile"), and (iii) on their housing wealth tercile computed using the pre-2010 information ("Housing wealth tercile").

Figure E.2: The impact of the 2017 wealth tax reform on political donations: Difference-in-differences estimates, Heterogeneity of the effects

(a) Extensive margin



(b) Intensive margin



Notes: The figures report the coefficient and 95% confidence interval we obtain when estimating equation (2) with year and household fixed effects as well as the full set of controls (specification similar to the one reported in Column (3) and (6) of Table 2) for different subsamples. In Panel (a) (extensive margin), the dependent variable is an indicator variable equal to one if the household made a political donation, and to zero otherwise. In Panel (b) (intensive margin), the dependent variable is the declared amount of political donations (conditional on declaring a political donation). We estimate the effects separately for the households in our sample depending (i) on whether they made a charitable donation before 2016 ("Charitable giving before 2016"), (ii) on their 2016 wealth tercile ("2016 wealth tercile"), and (iii) on their housing wealth tercile computed using the pre-2010 information ("Housing wealth tercile").

F Robustness checks

This section presents the robustness checks we perform for our two estimation exercises.

F.1 Robustness checks for the difference-in-differences estimates

Placebo In the spirit of a placebo test, we examine how our empirical strategy performs on trade union membership dues. In France, trade union membership dues are eligible for a refundable tax credit equal to 66% of the amount of the union dues, and are thus also reported on the tax form. However, unlike political donations, we do not expect them to be affected by a change in charitable giving. The literature on the determinants of trade union membership indeed highlights the role played by reputation concerns and the existence of excludable benefits, as well as individual-level factors such as age, education or the type of job contract (see e.g. Guillot et al., 2019; Blanchflower and Bryson, 2020; Murphy, 2020), but does not relate trade union membership dues to mechanisms that drive charitable giving, such as altruism or awareness of need. Table F.1 provides the results. As expected, we find no impact of the wealth tax reform on the probability of paying union membership dues, nor on the amount of these dues.

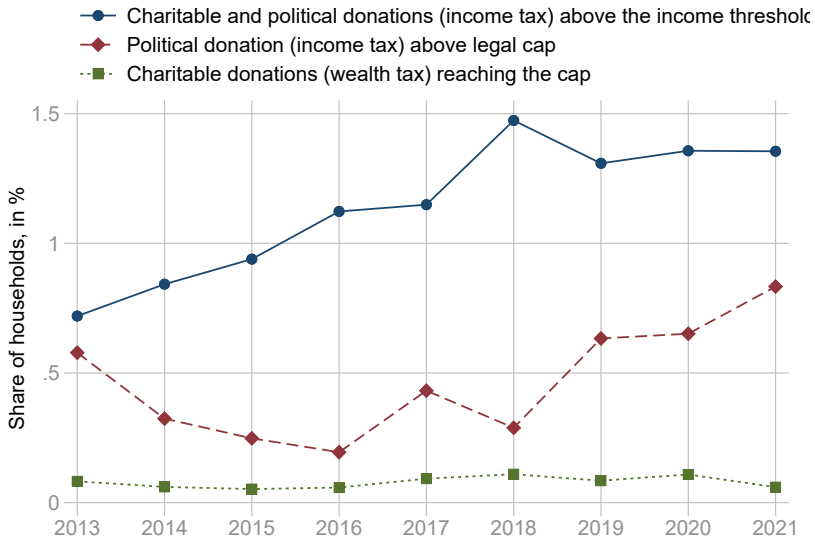
Sample Next, we show that our results are robust to a number of sample changes. First, we show that they do not vary if we consider a balanced panel, i.e. only include the households that we observe for each year during our entire time period (Table F.2). Second, we show that our results are robust to dropping 2017; 2017 was an electoral year in France (with both the presidential and the legislative elections), and so might be specific in terms of political donations (Table F.3). Further, there might be a concern that 2017 was also the year in which the wealth tax reform was announced (in December 2017).

Third, given that candidates fundraise a number of months in advance of the election and that we observe a large increase in political donations in 2016 for top-income earners (Cagé, 2018), we show that our findings do not vary if we drop the year 2016 and instead use 2015 as a reference point (Table F.4).

Fourth, we show that our baseline results are not driven by a mean reversion phenomenon by reducing the sample to households whose wealth tax liability status does not change in the post-treatment period (i.e by only keeping the households who remain liable to the wealth tax after 2017 if in the control group, and the households who remain not liable if in the treated group) (Table F.5).

Fifth, we show that the results are robust to dropping the top 5% of wealth owners (Table F.6). Indeed, there might be a concern that the households owning very high wealth demonstrate extreme giving behavior.

Figure F.1: When is the cap binding?



Notes: This figure shows the share of households reaching the donating caps. The blue line shows the share of households who donate more than the 20% of their taxable income; the red line shows the share of households for whom the cap on political donations is binding (i.e. who give exactly €7,500 or €15,000 depending on households characteristics); the green line shows the share of households who reach the maximum wealth tax credit of €50,000 for charitable donations.

Last, we make sure that the estimated effect does not change when we exclude from the control group households who are potentially treated because they are liable to a wealth tax that is below their 2016 wealth tax credit in donations (Table F.7).

Censoring and specification An important specification issue may come from the censoring of our dependent variable. Political donations are indeed both bottom-censored at 0 and top-censored (at €7,500 or €15,000 depending on the household composition, due to the political finance regulation). We are mainly concerned with bottom censoring since the share of households reaching the donation cap is very low (around 0.5% of the households making a political donation in a given year; see Figure F.1). To deal with this issue, our preferred specification disentangles between the extensive and the intensive margins. We nonetheless show that our results are robust to dropping the top-censored observations (Table F.15). Note furthermore that, if anything, the fact that a (very few) households face a cap on their political donations leads us to underestimate the extent of the substitution between political and charitable donations.

As a robustness check, Table F.8 combines both margins (i.e. considers the overall amount given). We find that the reform leads to a €5.9 increase in the amount of political donations for the treated households compared to the control ones (corresponding to 2.1% of the mean)

(Column (3)). If anything, the mass of 0 in political donations should bias this estimate downward. This is consistent with what we obtain when performing a McDonald and Moffitt decomposition (McDonald and Moffitt, 1980): combining the intensive and extensive margin estimates, we obtain a marginal effect of $0.005 \times 37.7 + 0.04 \times 476.7 = €3.9$.

Second, there may be some concern over about the imbalance of our control and treatment group. We perform a robustness check (Table F.9) including households characteristics interacted with indicator variables for year to show that this is not biasing our results.

Third, we estimate equation (2) clustering standard errors at the percentile level of the 2013-2016 average wealth. Clustering the standard errors at this level might be relevant since the treatment is determined by the level and composition of wealth. Table F.10 shows that our results are robust to this alternative clustering strategy. Last, we propose an alternative way of abstracting from the income effect that may arise from the reform: we control for the deciles of the 2017 wealth tax gains interacted with indicator variables for years. Table F.11 shows that our results are robust to doing so.

Tax credit for Coluche giving In 1989, a specific rate was created for donations to charities that help people in need – the so-called "Coluche giving".[11] These donations – which have to be below a certain threshold (€546 in 2019) – benefit from a nonrefundable income tax credit of 75% percent.[12]

Until now, we have not included Coluche giving in our measures of charitable donations given the specifics of these donations (both in terms of ceiling and credit rate). Furthermore, Coluche donations only represent a very low share of the overall charitable donations. They represent around €400 million on average each year, compared to nearly €2.2 billion for non-Coluche charitable donations in 2019 (Figure F.2).

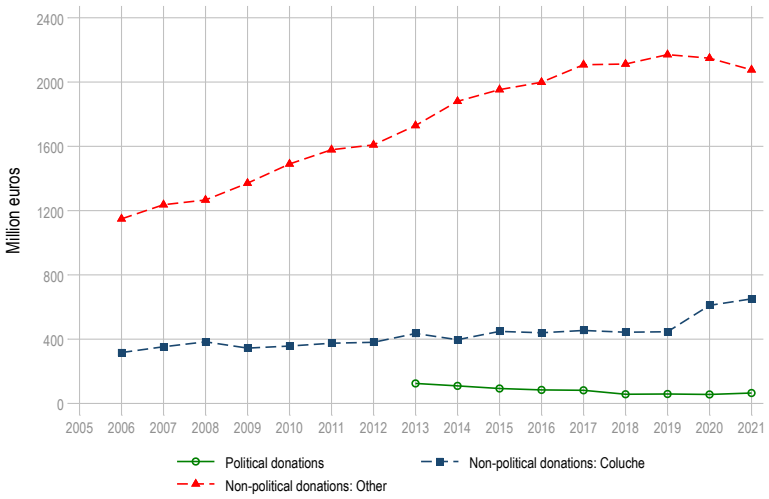
Table F.12 performs the same estimations as before but on Coluche giving rather than on non-Coluche charitable giving (which we have considered so far). It might be expected that Coluche giving would increase following the wealth tax reform, given that Coluche giving allows the treated households to continue making a charitable donation at a price of 25%. This is indeed what we find, with a price elasticity that is three to four times larger than for political donations (Columns (4) to (6)). Note however that this result should be taken with a grain of salt given that Coluche giving is also eligible for the wealth tax credit (unlike political-party donations).

Using a different threshold to define similar wealth tax gains Besides, we show that our results are robust to using a different threshold to identify the sample of households who

[11] Coluche is a French stage comedian and cinema actor who launched the charity *"Les Restaurants du Coeur"* in 1985. This nonprofit organization provides free meals and other products to people in need.

[12] This rate was equal to 50% at the time of its creation; it then increased from 50 to 60% in 2003 and from 60 to 75% in 2005.

Figure F.2: Evolution of the total amount of income tax donations: political donations, non-Coluche charitable donations, Coluche charitable donations

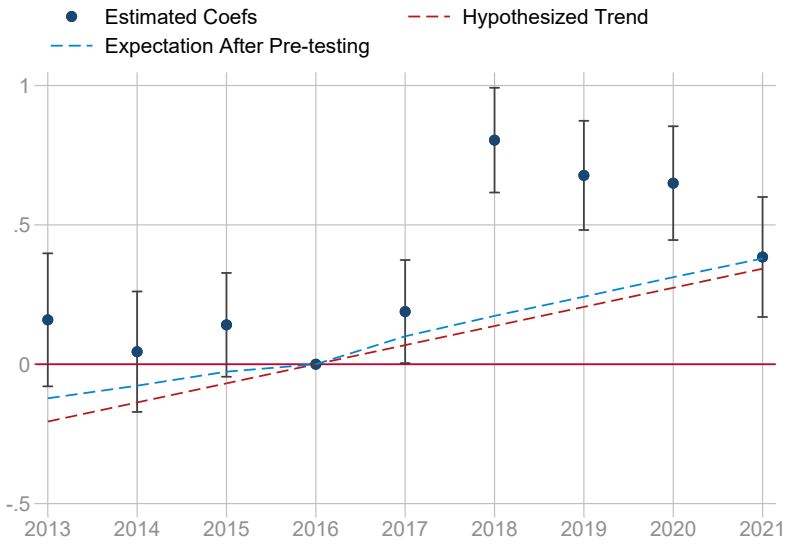


Notes: The Figure plots the evolution of the total amount of income tax donations. The time period covered is 2006-2021. The dashed red line with triangles reports the evolution of the non-Coluche charitable donations; the dash blue line with squares, the Coluche charitable donations (i.e. the donations to charities that help people in need that benefit from a 75% tax credit); and the continuous green line with dots the political donations. Political donations have been reported separately on the income tax form only since 2013.

face a similar wealth tax gain following the wealth tax reform. Until now, based on the wealth tax gain distribution plotted in Figure 4, we have taken into account all the households whose gain is between €0 and €15,000. Tables F.13 and F.14 show that the results are unchanged if we instead use a smaller window (between €0 and €10,000) or a larger one (between €0 and €20,000) to define these gains.

Pre-trends test power analysis Finally, we follow Roth (2022) to assess the power of our pre-trends test. Using the `pretrends` package, we estimate that if there were a linear pre-trend with a slope of about 0.685, then we would find a significant pre-trend half the times. This can be visualized on Figure F.3 that shows our estimated pre-trends (similar to Figure 6a) and adds a visualization of a linear violation of parallel trends (estimated using Roth, 2022). The slope of this linear violation corresponds to the slope that would lead us to reject the null hypothesis of no pre-trend in 50% of the cases. The dashed red line represents this hypothesized slope. The dashed blue line corresponds to the expected average coefficients conditional on not finding a significant pre-trend if the red line was true. On average, our post-treatment coefficients would still be larger than the blue dashed line, which means that the effect of the treatment is larger than the bias that would be induced by a linear pre-trend that we would not be able to detect.

Figure F.3: The impact of the 2017 wealth tax reform on political donations: Pre-trends test power analysis



Notes: This figure is similar to the Figure 6a in the draft (specification including controls) and adds a visualization of a linear violation of parallel trends (estimated using Roth (2022)). The dashed red line represents the estimated slope of a linear pre-trend that would lead us to reject the null hypothesis of no pre-trend in 50% of the cases. The dashed blue line corresponds to the expected average coefficients conditional on not finding a significant pre-trend if the red line was true.

F.2 Robustness checks for the IV estimates

Specification First, we show robustness to variations in the specification form. Table F.16 estimates our model in levels and scales political donations by the pre-policy mean for the control group. When we do so, we obtain results that are consistent with our main specification.

First-euro price Until now, we have considered the marginal tax price of donations. A number of papers in the literature instead rely on the first-euro price approach given that the amount contributed affects the tax price – which is also the case here for donors facing the tax credit cap(s). Table F.17 shows that our results are robust to using the first-euro price.[13] The estimated coefficients are both qualitatively and quantitatively similar.[14]

Donations reported over several years of tax returns The possibility for households to report charitable donations over several years in case they exceed the maximum amount of donation deductible (20% of taxable income) justifies another variation in the price of charitable giving. So far, we excluded these donations from our analysis, as the timing of the fiscal incentive differs from that of the effective marginal price. Including these reported donations in the computation of the marginal tax price of charitable donations does not modify our conclusion, as shown in Table F.18.

Impact of instrumented charitable giving on political donations Finally, following Yörük (2015)'s approach, we use the reform to instrument for charitable giving and look at the impact of the instrumented giving on political donations. Table F.19 shows the results, which are similar in magnitude to our baseline estimation. At the extensive margin, we find that a ten-percent increase in charitable donations leads to a 0.02 percentage-point decrease in political giving. At the intensive margin, a ten-percent increase in charitable donations is associated with a €18.8 decrease in political giving.

[13] The first-euro price corresponds to the price of the first euro given by the household (and not the price of the last euro given, as in our main specification). Bakija and Heim (2011) use the first-dollar price as an instrument for the actual price of a donation; see also Fack and Landais (2010).

[14] Note however that we cannot implement our baseline strategy in this case since the first-euro price is defined theoretically, only depending on the year and the wealth tax liability in 2017, which makes it collinear with the instrument. We thus restrict our estimation to the OLS strategy.

Table F.1: The impact of the 2017 wealth tax reform on trade union membership dues: Difference-in-differences estimates

	Probability of being a member of a trade union			Amount of the membership dues		
	(1)	(2)	(3)	(4)	(5)	(6)
Treated × Post	-0.068	-0.037	-0.040	-3.044	-1.824	-1.845
	(0.047)	(0.048)	(0.048)	(5.739)	(5.630)	(5.609)
Year FE	✓	✓	✓	✓	✓	✓
Household FE	✓	✓	✓	✓	✓	✓
Controls		✓	✓		✓	✓
Wealth tax gain			✓			✓
Observations	2,360,888	2,360,786	2,360,786	73,213	73,213	73,213
Cluster(households)	282,496	282,491	282,491	13,470	13,470	13,470
Mean Dep Var	3.26	3.26	3.26	207.873	207.873	207.873
Sd Dep Var	17.76	17.76	17.76	2058.208	2058.208	2058.208

Notes: * p<0.10, ** p<0.05, *** p<0.01. The time period is 2013-2021. Models are estimated using OLS (standard errors clustered at the household level between parentheses). The estimating equation is: $y_{i,t} = \alpha_0 + \alpha_1 \text{Treatment}_i \times Post_t + \mathbf{X'_{i,t}}\boldsymbol{\alpha_2} + \sum_{s=2013}^{2021} \mathbb{1}[t=s] * \mathbf{Y'_i}\boldsymbol{\alpha_{3,s}} + \eta_i + \gamma_t + u_{it}$. An observation is a household-year. Our sample of analysis includes all the households subject to the wealth tax in 2016 who face wealth tax gain between €0 and €15,000 following the reform. The dependent variable is an indicator variable equal to one if the household declares trade union membership dues, and to zero otherwise in Columns (1) to (3). In Columns (4) to (6), for the subset of households who declared a trade union membership due, the dependent variable is the amount. The vector of controls include (i) the following time-varying household-level controls: number of fiscal shares, marital status, a categorical variable for age, and 10-splines in income; and (ii) the following time-invariant household-level controls: average gross wealth for 2013-2016 and average wealth tax donations for 2013-2016, interacted with indicator variables for years. All specifications control for year and household fixed effects.

Table F.2: The impact of the 2017 wealth tax reform on political donations: Difference-in-differences estimates, Robustness check, Balanced panel

	Probability of declaring a donation		Amount of the donation	
	(1)	(2)	(3)	(4)
Treated × Post	0.463***	0.461***	34.146	29.798
	(0.074)	(0.074)	(24.176)	(23.793)
Year FE	✓	✓	✓	✓
Household FE	✓	✓	✓	✓
Controls		✓		✓
Observations	1,940,319	1,940,265	64,354	64,354
Cluster(households)	215,591	215,589	15,810	15,810
Mean Dep Var	4.11	4.11	476.271	476.271
Sd Dep Var	19.85	19.85	1379.545	1379.545

Notes: * p<0.10, ** p<0.05, *** p<0.01. The time period is 2013-2021. Models are estimated using OLS (standard errors clustered at the household level between parentheses). The estimating equation is: $y_{i,t} = \alpha_0 + \alpha_1 \text{Treatment}_i \times Post_t + \mathbf{X'_{i,t}}\boldsymbol{\alpha_2} + \sum_{s=2013}^{2021} \mathbb{1}[t=s] * \mathbf{Y'_i}\boldsymbol{\alpha_{3,s}} + \eta_i + \gamma_t + u_{it}$. The dependent variable is an indicator variable equal to one if the household made a political donation, and to zero otherwise in Columns (1) to (2). In Columns (4) to (5), for the subset of households who made a political donation, the dependent variable is the amount given. An observation is a household-year. Our sample of analysis includes all the households subject to the wealth tax in 2016 who face wealth tax gain between €0 and €15,000 following the reform. We further restrict the sample to households that we observe in all years from 2013 to 2021. The vector of controls include (i) the following time-varying household-level controls: number of fiscal shares, marital status, a categorical variable for age, and 10-splines in income; and (ii) the following time-invariant household-level controls: average gross wealth for 2013-2016 and average wealth tax donations for 2013-2016, interacted with indicator variables for years. All specifications control for year and household fixed effects.

Table F.3: The impact of the 2017 wealth tax reform on political donations: Difference-in-differences estimates, Robustness check, Dropping 2017

	Probability of declaring a donation		Amount of the donation	
	(1)	(2)	(3)	(4)
Treated × Post	0.575***	0.558***	59.889**	53.117*
	(0.072)	(0.072)	(28.178)	(27.739)
Year FE	✓	✓	✓	✓
Household FE	✓	✓	✓	✓
Controls		✓		✓
Observations	2,084,401	2,084,308	63,845	63,845
Cluster(households)	282,025	282,020	17,512	17,512
Mean Dep Var	3.96	3.96	476.320	476.320
Sd Dep Var	19.51	19.51	1387.636	1387.636

Notes: * p<0.10, ** p<0.05, *** p<0.01. The time period is 2013-2021. Models are estimated using OLS (standard errors clustered at the household level between parentheses). The estimating equation is: $y_{i,t} = \alpha_0 + \alpha_1 \text{Treatment}_i \times Post_t + \mathbf{X'_{i,t}}\boldsymbol{\alpha_2} + \sum_{s=2013}^{2021} \mathbb{1}[t=s] * \mathbf{Y'_i}\boldsymbol{\alpha_{3,s}} + \eta_i + \gamma_t + u_{it}$. The dependent variable is an indicator variable equal to one if the household made a political donation, and to zero otherwise in Columns (1) to (2). In Columns (4) to (5), for the subset of households who made a political donation, the dependent variable is the amount given. An observation is a household-year. Our sample of analysis includes all the households subject to the wealth tax in 2016 who face wealth tax gain between €0 and €15,000 following the reform. We further drop all observations for the year 2017. The vector of controls include (i) the following time-varying household-level controls: number of fiscal shares, marital status, a categorical variable for age, and 10-splines in income; and (ii) the following time-invariant household-level controls: average gross wealth for 2013-2016 and average wealth tax donations for 2013-2016, interacted with indicator variables for years. All specifications control for year and household fixed effects.

Table F.4: The impact of the 2017 wealth tax reform on political donations: Difference-in-differences estimates, Robustness check, Dropping 2016

	Probability of declaring a donation		Amount of the donation	
	(1)	(2)	(3)	(4)
Treated × Post	0.399***	0.432***	44.089*	42.172
	(0.074)	(0.075)	(25.817)	(25.723)
Year FE	✓	✓	✓	✓
Household FE	✓	✓	✓	✓
Controls		✓		✓
Observations	2,077,528	2,077,437	62,581	62,581
Cluster(households)	281,632	281,626	17,234	17,234
Mean Dep Var	3.92	3.92	476.960	476.960
Sd Dep Var	19.41	19.41	1359.973	1359.973

Notes: * p<0.10, ** p<0.05, *** p<0.01. The time period is 2013-2021. Models are estimated using OLS (standard errors clustered at the household level between parentheses). The estimating equation is: $y_{i,t} = \alpha_0 + \alpha_1 \text{Treatment}_i \times Post_t + \mathbf{X}'_{\mathbf{i,t}}\boldsymbol{\alpha_2} + \sum_{s=2013}^{2021} \mathbb{1}[t=s] * \mathbf{Y}'_{\mathbf{i}}\boldsymbol{\alpha_{3,s}} + \eta_i + \gamma_t + u_{it}$. The dependent variable is an indicator variable equal to one if the household made a political donation, and to zero otherwise in Columns (1) to (2). In Columns (4) to (5), for the subset of households who made a political donation, the dependent variable is the amount given. An observation is a household-year. Our sample of analysis includes all the households subject to the wealth tax in 2016 who face wealth tax gain between €0 and €15,000 following the reform. We further drop all observations for the year 2016. The vector of controls include (i) the following time-varying household-level controls: number of fiscal shares, marital status, a categorical variable for age, and 10-splines in income; and (ii) the following time-invariant household-level controls: average gross wealth for 2013-2016 and average wealth tax donations for 2013-2016, interacted with indicator variables for years. All specifications control for year and household fixed effects.

Table F.5: The impact of the 2017 wealth tax reform on political donations: Difference-in-differences estimates, Robustness check, Dropping households who change wealth tax liability status after 2017

	Probability of declaring a donation		Amount of the donation	
	(1)	(2)	(3)	(4)
Treated × Post	0.333***	0.385***	46.150*	44.305*
	(0.078)	(0.078)	(25.652)	(25.474)
Year FE	✓	✓	✓	✓
Household FE	✓	✓	✓	✓
Controls		✓		✓
Observations	1,989,910	1,989,829	62,458	62,458
Cluster(households)	237,636	237,632	15,752	15,752
Mean Dep Var	3.93	3.93	457.806	457.806
Sd Dep Var	19.43	19.43	1353.559	1353.559

Notes: * p<0.10, ** p<0.05, *** p<0.01. The time period is 2013-2021. Models are estimated using OLS (standard errors clustered at the household level between parentheses). The estimating equation is: $y_{i,t} = \alpha_0 + \alpha_1 \text{Treatment}_i \times Post_t + \mathbf{X'_{i,t}}\boldsymbol{\alpha_2} + \sum_{s=2013}^{2021} \mathbb{1}[t=s] * \mathbf{Y'_i}\boldsymbol{\alpha_{3,s}} + \eta_i + \gamma_t + u_{it}$. The dependent variable is an indicator variable equal to one if the household made a political donation, and to zero otherwise in Columns (1) to (2). In Columns (4) to (5), for the subset of households who made a political donation, the dependent variable is the amount given. An observation is a household-year. Our sample of analysis includes all the households subject to the wealth tax in 2016 who face wealth tax gain between €0 and €15,000 following the reform. We further drop all observations for the years 2013 and 2014. We further drop all households that change their wealth tax liability status after 2017. The vector of controls include (i) the following time-varying household-level controls: number of fiscal shares, marital status, a categorical variable for age, and 10-splines in income; and (ii) the following time-invariant household-level controls: average gross wealth for 2013-2016 and average wealth tax donations for 2013-2016, interacted with indicator variables for years. All specifications control for year and household fixed effects.

Table F.6: The impact of the 2017 wealth tax reform on political donations: Difference-in-differences estimates: Robustness check, Dropping the households in the top 5% of the wealth distribution

	Probability of declaring a donation		Amount of the donation	
	(1)	(2)	(3)	(4)
Treated × Post	0.357***	0.369***	34.840	33.042
	(0.070)	(0.070)	(22.893)	(22.799)
Year FE	✓	✓	✓	✓
Household FE	✓	✓	✓	✓
Controls		✓		✓
Observations	2,242,847	2,242,751	70,555	70,555
Cluster(households)	268,467	268,462	17,822	17,822
Mean Dep Var	3.94	3.94	436.957	436.957
Sd Dep Var	19.46	19.46	1284.316	1284.316

Notes: * p<0.10, ** p<0.05, *** p<0.01. Models are estimated using OLS (standard errors clustered at the household level between parentheses). The estimating equation is: $y_{i,t} = \alpha_0 + \alpha_1 \text{Treatment}_i \times Post_t + \mathbf{X'_{i,t}}\boldsymbol{\alpha_2} + \sum_{s=2013}^{2021} \mathbb{1}[t = s] * \mathbf{Y'_i}\boldsymbol{\alpha_{3,s}} + \eta_i + \gamma_t + u_{it}$. The dependent variable is an indicator variable equal to one if the household made a political donation, and to zero otherwise in Columns (1) to (2). In Columns (4) to (5), for the subset of households who made a political donation, the dependent variable is the amount given. An observation is a household-year. Our sample of analysis includes all the households subject to the wealth tax in 2016 who face wealth tax gain between €0 and €15,000 following the reform. We further drop all observations for the years 2013 and 2014. The sample excludes households whose wealth is in the top 5% of our sample in 2016. The vector of controls include (i) the following time-varying household-level controls: number of fiscal shares, marital status, a categorical variable for age, and 10-splines in income; and (ii) the following time-invariant household-level controls: average gross wealth for 2013-2016 and average wealth tax donations for 2013-2016, interacted with indicator variables for years. All specifications control for year and household fixed effects.

Table F.7: The impact of the 2017 wealth tax reform on political donations: Difference-in-differences estimates, Robustness check, Removing potentially treated households

	Probability of declaring a donation		Amount of the donation	
	(1)	(2)	(3)	(4)
Treated × Post	0.444***	0.462***	28.524	26.570
	(0.066)	(0.067)	(22.120)	(22.081)
Year FE	✓	✓	✓	✓
Household FE	✓	✓	✓	✓
Controls		✓		✓
Observations	2,334,755	2,334,653	73,509	73,509
Cluster(households)	279,481	279,476	18,660	18,660
Mean Dep Var	3.95	3.95	461.541	461.541
Sd Dep Var	19.48	19.48	1307.329	1307.329

Notes: * p<0.10, ** p<0.05, *** p<0.01. The time period is 2013-2021. Models are estimated using OLS (standard errors clustered at the household level between parentheses). The estimating equation is: $y_{i,t} = \alpha_0 + \alpha_1 \text{Treatment}_i \times Post_t + \mathbf{X'_{i,t}}\boldsymbol{\alpha_2} + \sum_{s=2013}^{2021} \mathbb{1}[t=s] * \mathbf{Y'_i}\boldsymbol{\alpha_{3,s}} + \eta_i + \gamma_t + u_{it}$. The dependent variable is an indicator variable equal to one if the household made a political donation, and to zero otherwise in Columns (1) to (2). In Columns (4) to (5), for the subset of households who made a political donation, the dependent variable is the amount given. An observation is a household-year. Our sample of analysis includes all the households subject to the wealth tax in 2016 who face wealth tax gain between €0 and €15,000 following the reform. We further drop all observations for the years 2013 and 2014. The sample excludes households from the control group that are potentially treated in the post-reform period because they are liable to a wealth tax that is below their 2016 wealth tax credit in donations. The vector of controls include (i) the following time-varying household-level controls: number of fiscal shares, marital status, a categorical variable for age, and 10-splines in income; and (ii) the following time-invariant household-level controls: average gross wealth for 2013-2016 and average wealth tax donations for 2013-2016, interacted with indicator variables for years. All specifications control for year and household fixed effects.

Table F.8: The impact of the 2017 wealth tax reform on political donations: Robustness check, Both margins

	Amount of the donation			log(Amount of the donation + 1)		
	(1)	(2)	(3)	(4)	(5)	(6)
Treated × Post	6.683***	5.917***	5.909***	0.028***	0.028***	0.028***
	(1.110)	(1.093)	(1.096)	(0.003)	(0.003)	(0.003)
Year FE	✓	✓	✓	✓	✓	✓
Household FE	✓	✓	✓	✓	✓	✓
Controls		✓	✓		✓	✓
Wealth tax gain			✓			✓
Observations	2,360,888	2,360,786	2,360,786	2,360,888	2,360,786	2,360,786
Cluster(households)	282,496	282,491	282,491	282,496	282,491	282,491
Mean Dep Var	19.099	19.099	19.099	0.200	0.200	0.200
Sd Dep Var	290.417	290.417	290.417	1.013	1.013	1.013

Notes: * p<0.10, ** p<0.05, *** p<0.01. The time period is 2013-2021. Models are estimated using OLS (standard errors clustered at the household level between parentheses). The estimating equation is: $y_{i,t} = \alpha_0 + \alpha_1 \text{Treatment}_i \times Post_t + \mathbf{X'_{i,t}}\boldsymbol{\alpha_2} + \sum_{s=2013}^{2021} \mathbb{1}[t = s] * \mathbf{Y'_i}\boldsymbol{\alpha_{3,s}} + \eta_i + \gamma_t + u_{it}$. The dependent variable is the amount of political donation declared (including zero) in columns (1) to (3) and the logarithm of the amount of political donation plus one declared in columns (4) to (6). An observation is a household-year. Our sample of analysis includes all the households subject to the wealth tax in 2016 who face wealth tax gain between €0 and €15,000 following the reform. The vector of controls include (i) the following time-varying household-level controls: number of fiscal shares, marital status, a categorical variable for age, and 10-splines in income; and (ii) the following time-invariant household-level controls: average gross wealth for 2013-2016 and average wealth tax donations for 2013-2016, interacted with indicator variables for years. All specifications control for year and household fixed effects.

Table F.9: The impact of the 2017 wealth tax reform on political donations: Robustness check, including year indicator variables X household characteristics

	Probability of declaring a donation		Amount of the donation	
	(1)	(2)	(3)	(4)
Treated × Post	0.453***	0.422***	38.155*	34.061
	(0.067)	(0.067)	(22.252)	(22.144)
Year FE	✓	✓	✓	✓
Household FE	✓	✓	✓	✓
Controls	✓	✓	✓	✓
Additionnal controls		✓		✓
Observations	2,360,786	2,360,786	75,452	75,452
Cluster(households)	282,491	282,491	19,138	19,138
Mean Dep Var	4.01	4.01	476.741	476.741
Sd Dep Var	19.61	19.61	1373.753	1373.753

Notes: * p<0.10, ** p<0.05, *** p<0.01. The time period is 2013-2021. Models are estimated using OLS (standard errors clustered at the household level between parentheses). The estimating equation is: $y_{i,t} = \alpha_0 + \alpha_1 \text{Treatment}_i \times Post_t + \mathbf{X'_{i,t}}\boldsymbol{\alpha_2} + \sum_{s=2013}^{2021} \mathbb{1}[t = s] * \mathbf{Y'_i}\boldsymbol{\alpha_{3,s}} + \eta_i + \gamma_t + u_{it}$. Our sample of analysis includes all the households subject to the wealth tax in 2016 who face wealth tax gain between €0 and €15,000 following the reform. The dependent variable is an indicator variable equal to one if the household made a political donation, and to zero otherwise in Columns (1) to (2). In Columns (4) to (5), for the subset of households who made a political donation, the dependent variable is the amount given. The vector of controls include (i) the following time-varying household-level controls: number of fiscal shares, marital status, a categorical variable for age, and 10-splines in income; and (ii) the following time-invariant household-level controls: average gross wealth for 2013-2016 and average wealth tax donations for 2013-2016, interacted with indicator variables for years. Households characteristics (age, matrimonial status) have been interacted with year dummies. All specifications control for year and household fixed effects.

Table F.10: The impact of the 2017 wealth tax reform on political donations: Difference-in-differences estimates, Robustness check, standard errors clustered by wealth bins

	Probability of declaring a donation		Amount of the donation	
	(1)	(2)	(3)	(4)
$ln(1-\tau)$	0.446***	0.453***	41.827*	38.155*
	(0.081)	(0.082)	(22.851)	(22.228)
Year FE	✓	✓	✓	✓
Household FE	✓	✓	✓	✓
Controls		✓		✓
Observations	2,360,888	2,360,786	75,452	75,452
Cluster(households)	100	100	100	100
Mean Dep Var	4.01	4.01	476.741	476.741
Sd Dep Var	19.61	19.61	1373.753	1373.753

Notes: * p<0.10, ** p<0.05, *** p<0.01. The time period is 2013-2021. Models are estimated using OLS (standard errors clustered at the average 2013-2016 wealth percentile level between parentheses). The estimating equation is: $y_{i,t} = \alpha_0 + \alpha_1 \text{Treatment}_i \times Post_t + \mathbf{X'_{i,t}}\boldsymbol{\alpha_2} + \sum_{s=2013}^{2021} \mathbb{1}[t=s] * \mathbf{Y'_i}\boldsymbol{\alpha_{3,s}} + \eta_i + \gamma_t + u_{it}$. An observation is a household-year. Our sample of analysis includes all the households subject to the wealth tax in 2016 who face wealth tax gain between €0 and €15,000 following the reform. The dependent variable is an indicator variable equal to one if the household made a political donation, and to zero otherwise in Columns (1) to (3). In Columns (4) to (6), for the subset of households who made a political donation, the dependent variable is the amount given. The vector of controls include (i) the following time-varying household-level controls: number of fiscal shares, marital status, a categorical variable for age, and 10-splines in income; and (ii) the following time-invariant household-level controls: average gross wealth for 2013-2016 and average wealth tax donations for 2013-2016, interacted with indicator variables for years. All specifications control for year and household fixed effects.

Table F.11: The impact of the 2017 wealth tax reform on political donations: Difference-in-differences estimates, Robustness check, Controlling for deciles of the 2017 wealth tax gain

	Probability of declaring a donation		Amount of the donation	
	(1)	(2)	(3)	(4)
Treated × Post	0.453***	0.446***	38.155*	38.303*
	(0.067)	(0.069)	(22.252)	(22.674)
Year FE	✓	✓	✓	✓
Household FE	✓	✓	✓	✓
Controls	✓	✓	✓	✓
Additionnal controls		✓		✓
Observations	2,360,786	2,360,786	75,452	75,452
Cluster(households)	282,491	282,491	19,138	19,138
Mean Dep Var	4.01	4.01	476.741	476.741
Sd Dep Var	19.61	19.61	1373.753	1373.753

Notes: * p<0.10, ** p<0.05, *** p<0.01. The time period is 2013-2021. Models are estimated using OLS (standard errors clustered at the household level between parentheses). The estimating equation is: $y_{i,t} = \alpha_0 + \alpha_1 \text{Treatment}_i \times Post_t + \mathbf{X'_{i,t}}\boldsymbol{\alpha_2} + \sum_{s=2013}^{2021} \mathbb{1}[t=s] * \mathbf{Y'_i}\boldsymbol{\alpha_{3,s}} + \eta_i + \gamma_t + u_{it}$. The dependent variable is an indicator variable equal to one if the household made a political donation, and to zero otherwise in Columns (1) to (2). In Columns (4) to (5), for the subset of households who made a political donation, the dependent variable is the amount given. An observation is a household-year. Our sample of analysis includes all the households subject to the wealth tax in 2016 who face wealth tax gain between €0 and €15,000 following the reform. The vector of controls include (i) the following time-varying household-level controls: number of fiscal shares, marital status, a categorical variable for age, and 10-splines in income; and (ii) the following time-invariant household-level controls: average gross wealth for 2013-2016 and average wealth tax donations for 2013-2016, interacted with indicator variables for years. All specifications control for year and household fixed effects. This specification additionally controls for the deciles of the 2017 to 2016 wealth tax gain, and their interactions with year indicator variables.

Table F.12: The impact of the 2017 wealth tax reform on political donations: Robustness check, Giving to Coluche

	Probability of declaring a donation			Amount of the donation		
	(1)	(2)	(3)	(4)	(5)	(6)
Treated × Post	1.549***	2.006***	2.008***	6.612***	11.090***	11.122***
	(0.109)	(0.110)	(0.110)	(2.555)	(2.598)	(2.587)
Year FE	✓	✓	✓	✓	✓	✓
Household FE	✓	✓	✓	✓	✓	✓
Controls		✓	✓		✓	✓
Wealth tax gain			✓			✓
Observations	2,360,888	2,360,786	2,360,786	531,236	531,235	531,235
Cluster(households)	282,496	282,491	282,491	96,122	96,122	96,122
Mean Dep Var	23.83	23.83	23.83	391.381	391.381	391.381
Sd Dep Var	42.60	42.60	42.60	454.287	454.287	454.287

Notes: * p<0.10, ** p<0.05, *** p<0.01. The time period is 2013-2021. Models are estimated using OLS (standard errors clustered at the household level between parentheses). The estimating equation is: $y_{i,t} = \alpha_0 + \alpha_1 \text{Treatment}_i \times Post_t + \mathbf{X'_{i,t}}\boldsymbol{\alpha_2} + \sum_{s=2013}^{2021} \mathbb{1}[t=s] * \mathbf{Y'_i}\boldsymbol{\alpha_{3,s}} + \eta_i + \gamma_t + u_{it}$. An observation is a household-year. Our sample of analysis includes all the households subject to the wealth tax in 2016 who face wealth tax gain between €0 and €15,000 following the reform. The dependent variable is an indicator variable equal to one if the household made a Coluche donation, and to zero otherwise in Columns (1) to (3). In Columns (4) to (6), for the subset of households who made a Coluche donation, the dependent variable is the amount given. The vector of controls include (i) the following time-varying household-level controls: number of fiscal shares, marital status, a categorical variable for age, and 10-splines in income; and (ii) the following time-invariant household-level controls: average gross wealth for 2013-2016 and average wealth tax donations for 2013-2016, interacted with indicator variables for years. All specifications control for year and household fixed effects.

Table F.13: The impact of the 2017 wealth tax reform on political donations: Difference-in-differences estimates, Robustness check, Similar wealth tax gain between €0 and €10,000

	Probability of declaring a donation		Amount of the donation	
	(1)	(2)	(3)	(4)
Treated × Post	0.394***	0.411***	36.335	35.261
	(0.070)	(0.071)	(23.270)	(23.304)
Year FE	✓	✓	✓	✓
Household FE	✓	✓	✓	✓
Controls		✓		✓
Observations	2,128,181	2,128,105	67,574	67,574
Cluster(households)	254,365	254,362	17,095	17,095
Mean Dep Var	3.98	3.98	461.060	461.060
Sd Dep Var	19.55	19.55	1346.017	1346.017

Notes: * p<0.10, ** p<0.05, *** p<0.01. The time period is 2013-2021. Models are estimated using OLS (standard errors clustered at the household level between parentheses). The estimating equation is: $y_{i,t} = \alpha_0 + \alpha_1 \text{Treatment}_i \times Post_t + \mathbf{X'_{i,t}}\boldsymbol{\alpha_2} + \sum_{s=2013}^{2021} \mathbb{1}[t=s] * \mathbf{Y'_i}\boldsymbol{\alpha_{3,s}} + \eta_i + \gamma_t + u_{it}$. The dependent variable is an indicator variable equal to one if the household made a political donation, and to zero otherwise in Columns (1) to (2). In Columns (4) to (5), for the subset of households who made a political donation, the dependent variable is the amount given. An observation is a household-year. Our sample of analysis includes all the households subject to the wealth tax in 2016 who face wealth tax gain between €0 and €10,000 following the reform. The vector of controls include (i) the following time-varying household-level controls: number of fiscal shares, marital status, a categorical variable for age, and 10-splines in income; and (ii) the following time-invariant household-level controls: average gross wealth for 2013-2016 and average wealth tax donations for 2013-2016, interacted with indicator variables for years. All specifications control for year and household fixed effects.

Table F.14: The impact of the 2017 wealth tax reform on political donations: Difference-in-differences estimates, Robustness check, Similar wealth tax gain between €0 and €20,000

	Probability of declaring a donation		Amount of the donation	
	(1)	(2)	(3)	(4)
Treated × Post	0.507***	0.503***	37.878*	33.791
	(0.065)	(0.065)	(21.653)	(21.519)
Year FE	✓	✓	✓	✓
Household FE	✓	✓	✓	✓
Controls		✓		✓
Observations	2,472,915	2,472,813	79,827	79,827
Cluster(households)	296,005	296,000	20,273	20,273
Mean Dep Var	4.05	4.05	489.038	489.038
Sd Dep Var	19.70	19.70	1417.501	1417.501

Notes: * p<0.10, ** p<0.05, *** p<0.01. The time period is 2013-2021. Models are estimated using OLS (standard errors clustered at the household level between parentheses). The estimating equation is: $y_{i,t} = \alpha_0 + \alpha_1 \text{Treatment}_i \times Post_t + \mathbf{X'_{i,t}}\boldsymbol{\alpha_2} + \sum_{s=2013}^{2021} \mathbb{1}[t=s] * \mathbf{Y'_i}\boldsymbol{\alpha_{3,s}} + \eta_i + \gamma_t + u_{it}$. The dependent variable is an indicator variable equal to one if the household made a political donation, and to zero otherwise in Columns (1) to (2). In Columns (4) to (5), for the subset of households who made a political donation, the dependent variable is the amount given. An observation is a household-year. Our sample of analysis includes all the households subject to the wealth tax in 2016 who face wealth tax gain between €0 and €20,000 following the reform. The vector of controls include (i) the following time-varying household-level controls: number of fiscal shares, marital status, a categorical variable for age, and 10-splines in income; and (ii) the following time-invariant household-level controls: average gross wealth for 2013-2016 and average wealth tax donations for 2013-2016, interacted with indicator variables for years. All specifications control for year and household fixed effects.

Table F.15: The impact of the 2017 wealth tax reform on political donations: Difference-in-differences estimates, Robustness check, Dropping donations at the cap

	Probability to declare a donation		Amount of the donation	
	(1)	(2)	(3)	(4)
Treated × Post	0.452***	0.460***	28.285	24.494
	(0.066)	(0.067)	(17.980)	(17.725)
Year FE	✓	✓	✓	✓
Household FE	✓	✓	✓	✓
Controls		✓		✓
Observations	2,359,158	2,359,056	74,678	74,678
Cluster(households)	282,293	282,288	19,001	19,001
Mean Dep Var	3.97	3.97	415.277	415.277
Sd Dep Var	19.53	19.53	1026.779	1026.779

Notes: * p<0.10, ** p<0.05, *** p<0.01. The time period is 2013-2021. Models are estimated using OLS (standard errors clustered at the household level between parentheses). The estimating equation is: $y_{i,t} = \alpha_0 + \alpha_1 \text{Treatment}_i \times Post_t + \mathbf{X'_{i,t}}\boldsymbol{\alpha_2} + \sum_{s=2013}^{2021} \mathbb{1}[t=s] * \mathbf{Y'_i}\boldsymbol{\alpha_{3,s}} + \eta_i + \gamma_t + u_{it}$. The dependent variable is an indicator variable equal to one if the household made a political donation, and to zero otherwise in Columns (1) to (2). In Columns (4) to (5), for the subset of households who made a political donation, the dependent variable is the amount given. An observation is a household-year. Our sample of analysis includes all the households subject to the wealth tax in 2016 who face wealth tax gain between €0 and €15,000 following the reform. We further drop all observations where the amount of political donations is equal to the cap at least once during our time period. The vector of controls include (i) the following time-varying household-level controls: number of fiscal shares, marital status, a categorical variable for age, and 10-splines in income; and (ii) the following time-invariant household-level controls: average gross wealth for 2013-2016 and average wealth tax donations for 2013-2016, interacted with indicator variables for years. All specifications control for year and household fixed effects.

Table F.16: Second-stage estimation: Robustness check, in Levels, both margins.

	OLS		2SLS	
	(1)	(2)	(3)	(4)
$\frac{1-\tau}{1-\tau^{control}_{t<2016}}$	0.043	0.079	0.607***	0.541***
	(0.053)	(0.053)	(0.101)	(0.100)
Year FE	✓	✓	✓	✓
Household FE	✓	✓	✓	✓
F-Stat	.	.	36	11
Controls		✓		✓
Observations	2,360,888	2,360,786	2,360,888	2,360,786
Cluster(households)	282,496	282,491	282,496	282,491
Mean Dep Var	0.000	0.000	0.000	0.000
Sd Dep Var	0.000	0.000	0.000	0.000

Notes: * p<0.10, ** p<0.05, *** p<0.01. The time period is 2013-2021. Models are estimated using OLS in Columns (1) to (3) and 2SLS in Columns (4) to (6) (standard errors clustered at the household level between parentheses), using the following equation $\frac{y_{i,t}}{\bar{y}^{control}_{2013-6}} = \beta_0 + \beta_1 \frac{1-\tau}{1-\bar{\tau}^{control}_{2013-6}} + \mathbf{X'_{i,t}}\boldsymbol{\beta_2} + \sum_{s=2013}^{2021} \mathbb{1}[t = s] * \mathbf{Y'_i}\boldsymbol{\beta_{3,s}} + \eta_i + \gamma_t + u_{it}$. The dependent variable corresponds to the household's political donation scaled by the 2013-2016 average for the control group. A similar operation is used to scale the variable of interest. An observation is a household-year. Our sample of analysis includes all the households subject to the wealth tax in 2016 who face wealth tax gain between €0 and €15,000 following the reform. The vector of controls include (i) the following time-varying household-level controls: number of fiscal shares, marital status, a categorical variable for age, and 10-splines in income; and (ii) the following time-invariant household-level controls: average gross wealth for 2013-2016 and average wealth tax donations for 2013-2016, interacted with indicator variables for years. All specifications control for year and household fixed effects.

Table F.17: Second-stage estimation: Robustness check, Using the first-euro price of charitable donations

	Probability of declaring a donation			Amount of the donation		
	(1)	(2)	(3)	(4)	(5)	(6)
$\log(1 - \text{first euro } \tau)$	1.449***	1.473***	1.503***	136.029*	124.088*	122.405*
	(0.216)	(0.217)	(0.217)	(72.986)	(72.368)	(72.503)
Year FE	✓	✓	✓	✓	✓	✓
Households FE	✓	✓	✓	✓	✓	✓
Controls		✓	✓		✓	✓
Wealth tax gain			✓			✓
Observations	2,360,888	2,360,786	2,360,786	75,452	75,452	75,452
Cluster(households)	282,496	282,491	282,491	19,138	19,138	19,138
Mean Dep Var	4.01	4.01	4.01	476.741	476.741	476.741
Sd Dep Var	19.61	19.61	19.61	1373.753	1373.753	1373.753

Notes: * p<0.10, ** p<0.05, *** p<0.01. The time period is 2013-2021. Models are estimated using 2SLS (standard errors clustered at the household level between parentheses), using the following equation $y_{i,t} = \beta_0 + \beta_1 \ln \widehat{(1-\tau)}_{i,t} + \mathbf{X'_{i,t}}\boldsymbol{\beta_2} + \sum_{s=2013}^{2021} \mathbb{1}[t=s] * \mathbf{Y'_i}\boldsymbol{\beta_{3,s}} + \eta_i + \gamma_t + u_{it}$. An observation is a household-year. Our sample of analysis includes all the households subject to the wealth tax in 2016 who face wealth tax gain between €0 and €15,000 following the reform. The dependent variable is an indicator variable equal to one if the household made a political donation, and to zero otherwise in Columns (1) to (3). In Columns (4) to (6), for the subset of households who made a political donation, the dependent variable is the amount given. The marginal price takes into account the amounts of donations that households can report over a four-years period if they exceed the maximum allowed (20% of taxable income). The vector of controls include (i) the following time-varying household-level controls: number of fiscal shares, marital status, a categorical variable for age, and 10-splines in income; and (ii) the following time-invariant household-level controls: average gross wealth for 2013-2016 and average wealth tax donations for 2013-2016, interacted with indicator variables for years. All specifications control for year and household fixed effects.

Table F.18: Second-stage estimation: Robustness check, Including reported donations

	Probability of declaring a donation			Amount of the donation		
	(1)	(2)	(3)	(4)	(5)	(6)
$\log(1 - \text{alternative } \tau)$	1.860***	1.903***	1.915***	170.389*	156.251*	152.661*
	(0.277)	(0.280)	(0.277)	(91.432)	(91.132)	(90.431)
Year FE	✓	✓	✓	✓	✓	✓
Households FE	✓	✓	✓	✓	✓	✓
Controls		✓	✓		✓	✓
Wealth tax gain			✓			✓
Observations	2,360,888	2,360,786	2,360,786	75,452	75,452	75,452
Cluster(households)	282,496	282,491	282,491	19,138	19,138	19,138
Mean Dep Var	4.01	4.01	4.01	476.741	476.741	476.741
Sd Dep Var	19.61	19.61	19.61	1373.753	1373.753	1373.753

Notes: * p<0.10, ** p<0.05, *** p<0.01. The time period is 2013-2021. Models are estimated using 2SLS (standard errors clustered at the household level between parentheses), using the following equation $y_{i,t} = \beta_0 + \beta_1 \ln \widehat{(1-\tau)}_{i,t} + \mathbf{X'_{i,t}}\boldsymbol{\beta_2} + \sum_{s=2013}^{2021} \mathbb{1}[t=s] * \mathbf{Y'_i}\boldsymbol{\beta_{3,s}} + \eta_i + \gamma_t + u_{it}$. The dependent variable is an indicator variable equal to one if the household made a political donation, and to zero otherwise in Columns (1) to (3). In Columns (4) to (6), for the subset of households who made a political donation, the dependent variable is the amount given. The first-euro price is used instead of the marginal price. An observation is a household-year. Our sample of analysis includes all the households subject to the wealth tax in 2016 who face wealth tax gain between €0 and €15,000 following the reform. The vector of controls include (i) the following time-varying household-level controls: number of fiscal shares, marital status, a categorical variable for age, and 10-splines in income; and (ii) the following time-invariant household-level controls: average gross wealth for 2013-2016 and average wealth tax donations for 2013-2016, interacted with indicator variables for years. All specifications control for year and household fixed effects.

Table F.19: The impact of the amount of charitable donations on the amount of political donations: Second-stage estimates

	Probability of declaring a donation			Amount of the donation		
	(1)	(2)	(3)	(4)	(5)	(6)
log(charitable giving + 1)	-0.019***	-0.023***	-0.023***	-193.159*	-194.668*	-188.386*
	(0.003)	(0.003)	(0.003)	(107.803)	(111.055)	(108.833)
Year FE	✓	✓	✓	✓	✓	✓
Households FE	✓	✓	✓	✓	✓	✓
Controls		✓	✓		✓	✓
Wealth tax gain			✓			✓
Observations	2,360,888	2,360,786	2,360,786	75,452	75,452	75,452
Cluster(households)	282,496	282,491	282,491	19,138	19,138	19,138
Mean Dep Var	4.006	4.006	4.006	476.741	476.741	476.741
Sd Dep Var	19.610	19.610	19.610	1,373.753	1,373.753	1,373.753

Notes: * p<0.10, ** p<0.05, *** p<0.01. The time period is 2013-2021. Models are estimated using 2SLS (standard errors clustered at the household level between parentheses). (The logarithm of) the amount of charitable giving is instrumented by the interaction between Treatment_i and $Post_t$ (see equation 3). The dependent variable is an indicator variable equal to one if the household made a political donation, and to zero otherwise in Columns (1) to (3). In Columns (4) to (6), for the subset of households who made a political donation, the dependent variable is the amount given. An observation is a household-year. Our sample of analysis includes all the households subject to the wealth tax in 2016 who face wealth tax gain between €0 and €15,000 following the reform. The vector of controls include (i) the following time-varying household-level controls: number of fiscal shares, marital status, a categorical variable for age, and 10-splines in income; and (ii) the following time-invariant household-level controls: average gross wealth for 2013-2016 and average wealth tax donations for 2013-2016, interacted with indicator variables for years. All specifications control for year and household fixed effects.

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