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- it does not represent all of capital income
- ...but it is more likely to apply to excess returns; also rents
- the distinction between normal and excess returns made by some tax systems (e.g., Nordic countries)

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- Estates, inter vivos gifts, charity, tax avoidance all responsive; impact on “real” wealth accumulation very hard to measure
- Preferences of the top wealth holders
  - Heterogeneous bequest motives
  - Importance of retaining control
  - Avoidance not maximized (Poterba, McGarry) and delayed until very late (Kopczuk, 2007)
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Why inheritance/estate taxation is different

- Equality of opportunities vs equality of outcomes
- Not an easy distinction to make in economic models
- Standard altruistic model not too interesting for two reasons
  - it does not really help much in understanding accumulation at the top of the distribution
  - it effectively eliminates the distinction between generations except for externality from giving
- Weakening altruism gives rise to potential reasons for taxation via incentive effects of inheritance on beneficiaries (Kopczuk, 2013; and — I think — Piketty-Saez, 2013).
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