

Syntax files for replication:

This study uses confidential data from Bureau Van Dijk's Amadeus database. The data can be accessed through the Wharton Research Data Service (<https://wrds-web.wharton.upenn.edu/wrds/>), which is available at several university campus libraries. Some campus libraries also offer direct access to Amadeus without going through the Wharton Research Data Service. Finally, it is also possible to directly purchase access to the Amadeus dataset using this link: <https://www.bvdinfo.com/en-us/contact-us/freetrial-enquiry?a=1&ProductId=384&product=amadeus>. The following Stata .do files can be run on the original data files to replicate the results.

Figure 2 uses aggregate data on gross fixed capital formation in EU27 (*gfcf.dta*). Figure 5 uses coefficient estimates and its associated confidence intervals that are based on equation (7) and collected in *lowtax\_response\_decile.dta*.

Stata 13 MP was used to execute the code. Below is the sequence with which the .do files should be run:

- *AEJPol-2018-0592\_DATA\_master.do*: runs all programs below

#### Data files

- *AEJPol-2018-0592\_DATA\_dataprep.do*: uses the raw Amadeus data, selects the sample, and construct relevant datasets and variables for the empirical analysis

#### Table files

- *AEJPol-2018-0592\_DATA\_table\_1-2.do*
- *AEJPol-2018-0592\_DATA\_table\_3-10.do*

#### Figure files

- *AEJPol-2018-0592\_DATA\_figure.do*