

Local governors as Tax Enforcers

Chiara Lacava, University of Naples Federico II

Abstract

This paper evaluates the impact of the Certified Warnings Program, a tax enforcement initiative in Italy that enabled municipalities to collaborate with the national tax authority in detecting tax evasion. Using a difference-in-differences approach, we find that taxpayers in municipalities that adopted the program were more likely to be audited and reported significantly higher taxable income. Additionally, mayors who implemented the program during their first term were 8.9 percentage points more likely to be reelected, suggesting substantial political benefits. Our findings highlight the effectiveness of localized tax enforcement in improving tax compliance and its potential as a political strategy.