

The Effects of the ETI on Employment at the Firm

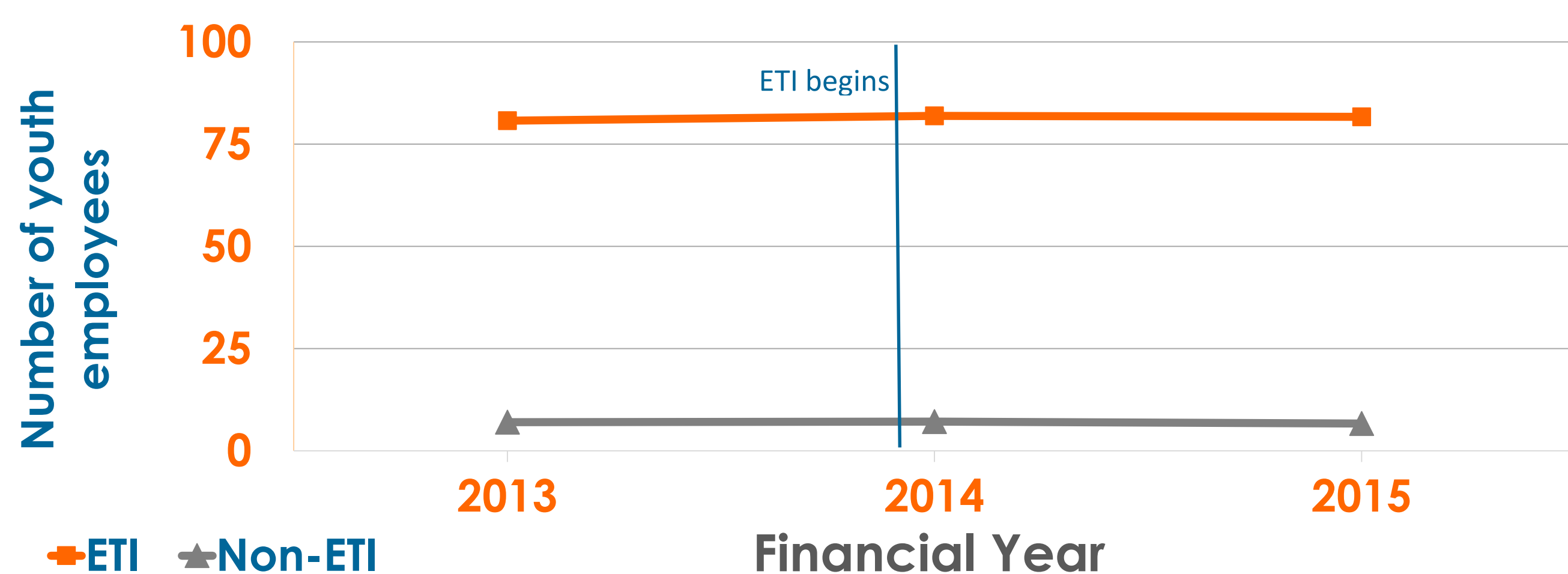
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Question: Has the **Employment Tax Incentive** increased the employment of youth at the firm?

Data: 2012-15 IRP5 & 2013-14 CIT tax data

Method: Matching & Difference-in-Differences

Difference-in-Differences for Youth Employees

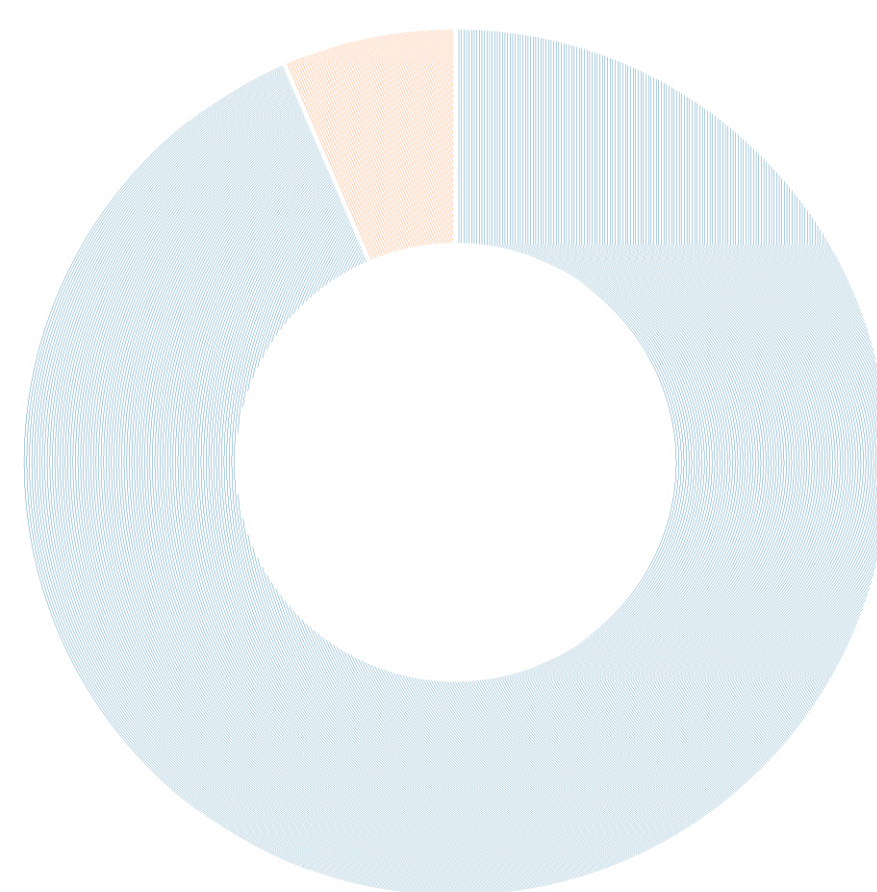
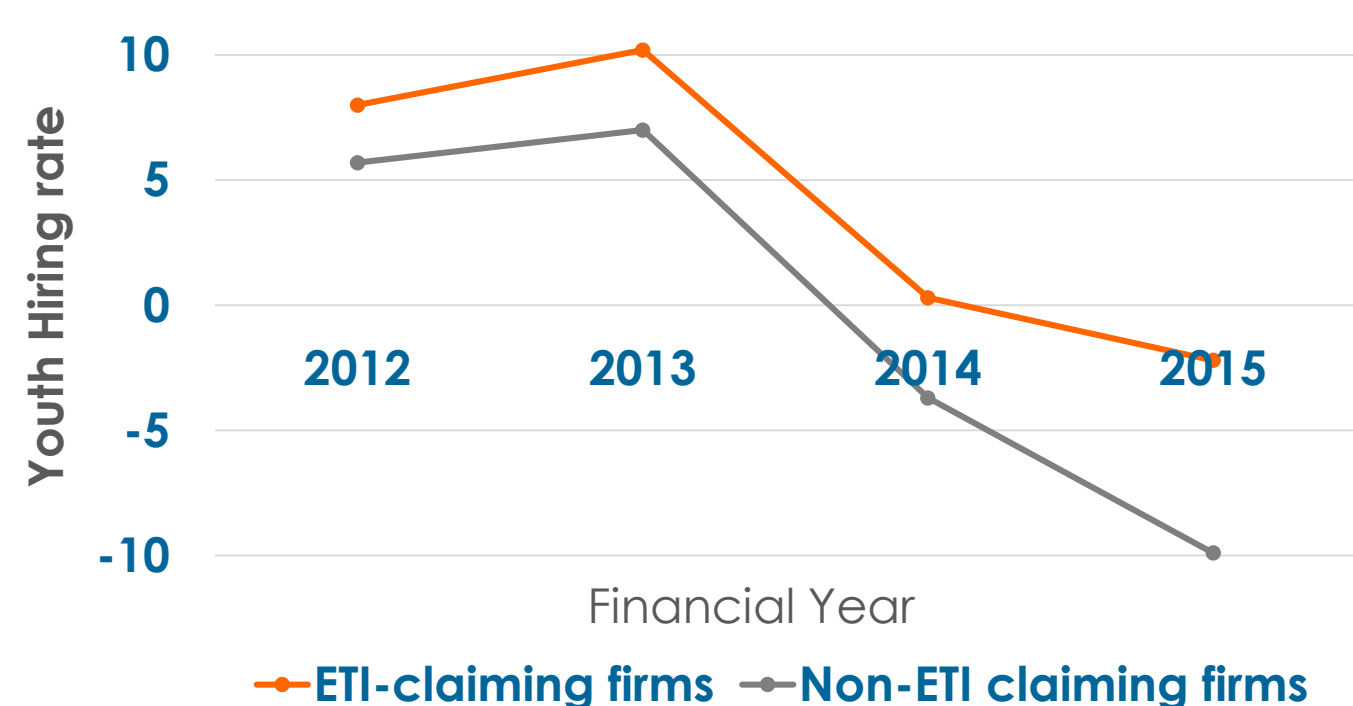


Answer: We find no change in aggregate youth employment at the firm.

We find a positive and statistically significant effect on youth and non-youth employment in firms with less than 200 employees. However, we cannot distinguish whether the increase is a result of firm employment growth or due to the policy.

Youth Hiring rate

ETI-claiming firms have a greater hiring rate for youth



898,797 ETI job claims in 2015
63,028 Estimated number of jobs created

Further work

As the 2016 tax data is made available there should be further examination of the **deadweight loss**, **displacement effects** and the **employment of youth** once the subsidy ends.

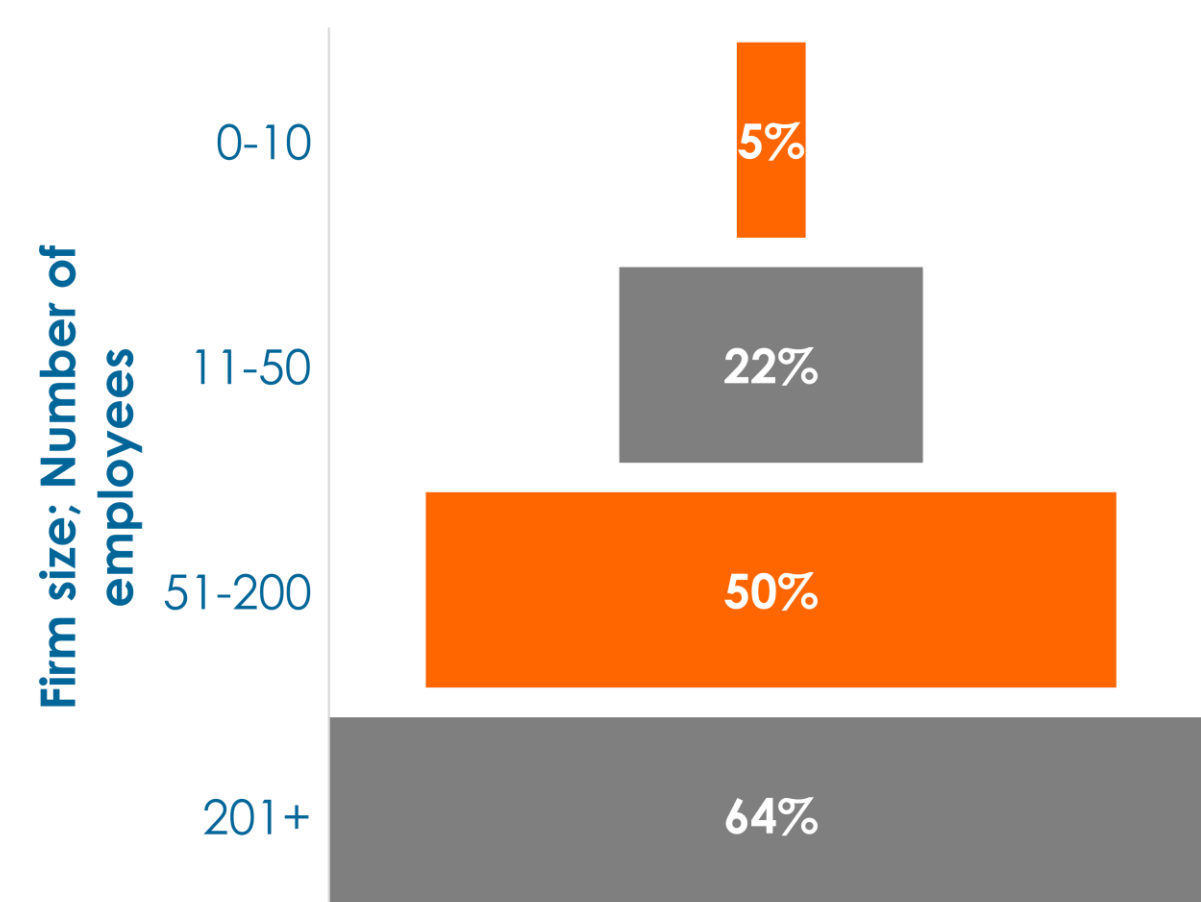
Top 4 ETI Industries



65% of the total ETI claims were from the top 4 industries

Take up of the ETI

Take up is highest in larger firms. 64% of Firms with more than 200 employees claim



The Firm take-up rate is 6% in 2014 and 14% in 2015.

