Online Appendix Table OA.7: Sensitivity of calibration results to alternative values of variety response, demand elasticity, and tax salience parameters

	Baseline calibration	Alternative measure of variety response: Hold model parameters fixed	Alternative measure of variety response: Re-estimate model parameters	Alternative demand elasticity and tax salience parameters			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Panel A: Calibrated parameters							
Average tax rate, τ_0	0.034	0.034	0.034	0.034	0.034	0.034	0.034
Tax salience parameter, θ_τ	0.556	0.556	0.556	**0.500**	**0.612**	**0.445**	**0.667**
Demand elasticity, ϵ_D	1.170	1.170	1.170	**1.287**	**1.053**	**1.404**	**0.936**
Panel B: Reduced-form estimates							
Pass-through of taxes into pre-tax prices, $d\log(p)/d\log(1+\tau)$	0.039	0.039	0.039	0.039	0.039	0.039	0.039
Quantity response, $d\log(Q)/d\log(1+\tau)$	-0.731	-0.731	-0.731	-0.731	-0.731	-0.731	-0.731
Variety response, $d\log(J)/d\log(1+\tau)$	-0.243	**-0.193**	**-0.193**	-0.243	-0.243	-0.243	-0.243
Panel C: Model parameters estimated by matching reduced-form estimates							
Markup, $(p - c'(q))/p$	0.080	0.080	**0.072**	0.080	0.080	0.080	0.080
Implied conduct parameter, v_q/J	0.092	0.092	**0.084**	**0.101**	**0.083**	**0.110**	**0.074**
Inverse elasticity of marginal surplus, ϵ_{ms}	-0.903	-0.903	**-0.804**	**-0.970**	**-0.846**	**-1.047**	**-0.795**
Variety effect parameter, $\tilde{\Lambda}_0$	0.125	0.125	**0.157**	**0.124**	**0.188**	**0.160**	**0.320**
Panel D: Calibrated welfare formulas							
Full marginal excess burden (MEB) formula, $d\tilde{W}/d\tau$	-0.083	-0.077	-0.083	-0.082	-0.100	-0.089	-0.133
Alternative MEB formula benchmarks:							
Harberger/CLK benchmark, $\theta_\tau * \tau_0 * d\log(Q)/d\log(1+\tau)$	-0.014	-0.014	-0.014	-0.012	-0.015	-0.011	-0.017
Besley(1989)-style benchmark; i.e., full MEB formula with $\tilde{\Lambda}_0 = 0$	-0.053	-0.053	-0.053	-0.051	-0.054	-0.050	-0.056
% difference between full formula and Besley(1989)-style benchma	57.5%	45.6%	57.5%	58.8%	84.1%	77.6%	139.9%

Notes: This table reports structural parameter estimates by finding parameters that allow the model to match the reduced-form estimates. The table reports sensitivity to different assumptions on the demand elasticity and the tax salience parameter. Columns (2) and (3) use the alternative variety response to taxes, while columns (4) through (7) vary both the demand elasticity and tax salience parameters but hold the product of the tax salience parameter and demand elasticity constant in order to ensure that dlog(Q)/dlog(1+τ) is constant.