

# The Pass-Through of a VAT Cut to Prices. Evidence From Slovak Scanner Data

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## **Abstract**

We use scanner data from supermarket transactions to estimate the pass-through of a VAT cut to retail prices. Granularity of the data and the selective character of a recent Slovak VAT reform allow us to estimate pass-through rates for relatively narrow product categories. Apart from a division by product groups we look at pass-through rates for private brands of the supermarket compared to other brands, and foreign-made versus domestic products. We find that the pass-through of the Slovak VAT cut from 20% to 10% in 2020 was far from complete.