


March 01 2014

# Are Household Surveys Like Tax Forms? Evidence from Income Underreporting of the Self-Employed

Erik Hurst, Geng Li, Benjamin Pugsley

[> Author and Article Information](#)

*The Review of Economics and Statistics* (2014) 96 (1): 19–33.

[https://doi.org/10.1162/REST\\_a\\_00363](https://doi.org/10.1162/REST_a_00363) [Article history](#) 

[Cite](#) [Permissions](#) [Share](#) 

## Abstract

A large literature shows that the self-employed underreport their income to tax authorities. In this paper, we quantify the extent to which the self-employed also systematically underreport their income in U.S. household surveys. We use the Engel curve describing the relationship between income and expenditures of wage and salary workers to infer the actual income, and thus the reporting gap, of the self-employed based on their reported expenditures. On average, the self-employed underreport their income by about 25%. We show that failing to account for such income underreporting leads to biased conclusions in a variety of settings.

This content is only available as a PDF.

No rights reserved. This work was authored as part of the Contributor's official duties as an Employee of the United States Government and is therefore a work of the United States Government. In accordance with 17 U.S.C. 105, no copyright protection is available for such works under U.S. law.

## Supplementary data

[rest\\_a\\_00363\\_esupp- pdf file](#)

You do not currently have access to this content.

## Sign in

Don't already have an account? [Register](#)

## Client Account

Email address / Username

Ski

Password

[Sign In](#)

[Reset password](#)

[Register](#)

### Sign in via your Institution

[Sign in via your Institution](#)

[Buy This Article](#)

### Email Alerts

[Article Activity Alert](#)

[Latest Issue Alert](#)



[View Metrics](#)

### Latest

[Most Read](#)

[Most Cited](#)

[Erratum: Is Murder Bad for Business? Evidence from Colombia](#)

[Aid Fragmentation and Corruption](#)

[Public School Funding, School Quality, and Adult Crime](#)

[What's Missing in Environmental Self-Monitoring: Evidence from Strategic Shutdowns of Pollution Monitors](#)

[Skip to Main Content](#)

### Cited By

---

Web of Science (158)

Google Scholar

Crossref (197)

## Related Articles

---

Measuring True Sales and Underreporting with Matched Firm-Level Survey and Tax Office Data

*The Review of Economics and Statistics* (July,2014)

The Size and Distribution of Hidden Household Income in China

*Asian Economic Papers* (January,2011)

Estimating the Impacts of Program Benefits: Using Instrumental Variables with Underreported and Imputed Data

*The Review of Economics and Statistics* (July,2019)

Consumption Smoothing and Excess Female Mortality in Rural India

*The Review of Economics and Statistics* (February,1999)

## Related Book Chapters

---

Employing a Feminist Methodology

Women and Climate Change: Examining Discourses from the Global North

The Mathematics We Employ Is Nonlinear Dynamic Modeling

The Mathematics of Marriage: Dynamic Nonlinear Models

Insurance and the Utilization of Medical Services among the Self-Employed

Public Finance and Public Policy in the New Century

Data Integration for Classification Problems Employing Gaussian Process Priors

Advances in Neural Information Processing Systems 19: Proceedings of the 2006 Conference

[Skip to Main Content](#)



**MIT Press Direct**

A product of The MIT Press

[Newsletter sign up](#)



## MIT Press Direct

[About MIT Press Direct](#)

[Books](#)

[Journals](#)

[CogNet](#)

## Information

[Accessibility at MIT](#)

[MIT Press Direct VPAT](#)

[For Authors](#)

[For Customers](#)

[For Librarians](#)

[Direct to Open](#)

[Open Access](#)

[Media Inquiries](#)

[Rights and Permissions](#)

[For Advertisers](#)

## MIT Press

[About the MIT Press](#)

[The MIT Press Reader](#)

[MIT Press Blog](#)

[Seasonal Catalogs](#)

[MIT Press Home](#)

[Give to the MIT Press](#)

[Skip to Main Content](#)

## Contact Us

© 2026 The MIT Press

[Terms of Use](#) [Privacy Statement](#) [Crossref Member](#) [COUNTER Member](#)

The MIT Press colophon is registered in the U.S. Patent and Trademark Office