

Corporate Tax Avoidance: Drivers

Degree | Master
Semester | Summer School
Course Type | Seminar
Participation Limit | Participants of Summer School
Number of Credits | 1.25 ECTS
Language | English
Chair | Chair of Tax Management
Lecturer | Prof. Dr. Reinald Koch

Learning Outcomes

- Students understand the difference between tax evasion and corporate tax avoidance
- They get to know the theory on the drivers of these two approaches to reduce tax payments
- Students get an overview of empirical findings regarding the drivers and scope of individual tax evasion and corporate tax avoidance

Module Content

- Legal tax avoidance and illegal tax evasion currently stand in the center of international tax policy debate, as documented by the initiatives of the OECD and the European Commission against such strategies. This course introduces students to the difference between these two ways to reduce tax payments and gives typical examples. The second part of the course deals with the drivers of tax avoidance and tax evasion, both from a theoretical and empirical perspective.

Teaching Methods

- Lecture
- Oral presentation

Grading

- Class Participation (30%)
- Short Essay (70%)

Assessment criteria in detail

- ./.

Average Workload

9 h = Time of attendance lecture
11 h = Preparation and postprocessing lecture
15 h = Exam preparation
35 h = Total workload

Previous Knowledge/Prerequisites

- ./.

Readings

- t.b.d.

Corporate Tax Avoidance

Degree | Master
Semester | Summer School
Course Type | Seminar
Participation Limit | Participants of Summer School
Number of Credits | 1.25 ECTS
Language | English
Chair | Economics, esp. Public Finance
Lecturer | Prof. Dr. Dominika Langenmayr

Learning Outcomes

- Students get to know the most important corporate tax rules
- They develop the ability to critically discuss tax policy and tax reform proposals
- Students understand the complexities of international policy coordination
- Students gain insight into current research methods and acquire the ability to read and interpret current research

Module Content

1. How do corporations avoid taxation?
After a brief introduction to the international tax system, we will discuss different ways in which firms can shift profits (e.g. debt shifting, transfer mispricing, IP relocation). We will also consider some of the empirical evidence regarding such profit shifting activities.
2. Are profit-shifting activities harmful to high-tax countries?
In this part of the course, we will study the interaction between profit shifting and tax competition for firms. On the one hand, we will consider the argument that profit shifting may be beneficial, as it allows countries to differentiate tax rates among differently mobile firms. On the other hand, we will discuss the various costs of profit shifting to high-tax countries, such as lost tax revenue and the misallocation of resources.
3. How can high-tax countries limit profit shifting?
In the last part of the course, we will analyze some measures against profit shifting, such as thin capitalization rules or country-by-country reporting, and more fundamental options for reform, such as formulary apportionment. In each case, we will briefly discuss their benefits and costs.

Teaching Methods

- Lecture
- Discussion in Class

Grading

- Class Participation (30%)
- Short Essay (70%)

Assessment criteria in detail

- Students have to write an essay of about 2500 words discussing a specific topic related to the course.

Average Workload

9 h = Time of attendance lecture
11 h = Preparation and postprocessing lecture
15 h = Exam preparation
35 h = Total workload

Previous Knowledge/Prerequisites

- Intermediate knowledge of microeconomics and empirical methods in economics.

Readings

- Dharmapala, D. (2008): What problems and opportunities are created by tax havens? Oxford Review of Economic Policy (24), 661-679
- Keen, M. and K. Konrad (2013): The Theory of International Tax Competition and Coordination, In: A. Auerbach, R. Chetty, M. Feldstein and E. Saez (Editors), Handbook of Public Economics, Elsevier, Volume 5, p. 257-328
- Further literature will be announced during the course.