

Corporate Tax Avoidance

Module Number |

Degree | Master

Semester | Summer School

Course Type | Lecture and Seminar

Participation Limit | none

Creditable for | 2 SWS

Contact Hours |

Number of Credits | 2.5 ECTS

Language | English

Chairs | Business Administration, esp. Business Taxation; Economics, esp. Public Finance

Lecturers | Prof. Dr. Reinald Koch and Prof. Dr. Dominika Langenmayr

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 tax evasion and tax avoidance.
- They develop the ability to discuss critically various policy measures against tax avoidance.
- Students understand the complexities of international policy coordination.
- Students gain insight into current research methods.

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 first introduces students to the difference between these two ways to reduce tax payments and gives typical examples.
- We then analyze the drivers of tax avoidance and tax evasion, both from a theoretical and empirical perspective.
- 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.
- Next, 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.
- In the last part of the course, we will analyze measures against profit shifting and discuss their benefits and costs.

Teaching Methods

- Lecture
- Discussion in class
- Group work

Grading

- Presentation in class (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

16 h = Time of attendance lecture

16 h = Preparation and postprocessing lecture

0 h = Time of attendance tutorial
0 h = Preparation and postprocessing tutorial
40 h = Exam preparation
72 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.