Syllabus

TAX 5600: Taxes and Business Decisions

Spring semester

Lecturer: Philipp Doerrenberg (Chair of Business Administration and Taxation)

ECTS: 5

Regular Class Times:

- Monday, 13:45 – 15:15
- Tuesday, 08:30 – 10:00

Class start on first Monday of the term

Additional organizational information:

Overview:

Guest Lecture:

Literature:

Scholes, Wolfson, Erickson, Hanlon, Maydew and Shevlin: Taxes and Business Strategy: A Planning Approach. 5th Edition, Pearson.
Schanz and Schanz: Business Taxation and Financial Decisions, Springer.

Class Materials:

Content and Structure:

Most finance and strategy courses do not consider the role of taxes in making business decisions. The goal of the course is to understand how taxes affect business decisions. In particular, the course teaches the tools for identifying, understanding, and evaluating tax planning opportunities. It is designed to be valuable even as (tax) laws and governments change, and the taught framework is portable in that it can be applied to

the set of tax laws in any country.
Taxes are everywhere and have a direct impact on cash-flow. Having a basic understanding of how taxation affects business decisions is therefore very important and contributes to a solid financial literacy.
The role of taxes is applied to different decision contexts, such as investments and organizational form. In addition, the class covers concepts such as implicit taxes and tax arbitrage, and it discusses how the marginal tax rate should be calculated for loss-making firms.
The impact of taxes on business decisions will always be considered in the context of the following themes: 'All Parties' (the tax implications for all of the involved parties have to be considered), 'All Taxes' (explicit and implicit taxes have to be considered), and 'All Costs' (all costs, tax and non-tax costs, have to be considered).
All aspects of the course will discuss empirical applications. The class features a guest lecture by a partner of a big-4 accounting firm. Knowledge from other Master-level tax classes is not necessary to take this class. Large parts of the course will be based on the following textbook that is used in the leading business schools around the world: Scholes, Wolfson, Erickson, Hanlon, Maydew and Shevlin: Taxes and Business Strategy: A Planning Approach.

1) Class Organization and Introduction to Tax Planning
2) Principles of Investment Decisions
3) Integrating Taxes into Investment Models
4) Different Tax Treatments of Investment Decisions
5) Business Taxation and Organizational Form
6) Implicit Taxes, Clienteles and Tax Arbitrage
7) Types of Tax Rates and Uncertainty
8) Non-Tax Costs and Risk Taking

<u>Grading:</u>

Written exam (90 min, 80%), Presentation (15–30 min, 20%)