

Syllabus

Module TAX 660: Tax Planning: The Role of Taxes for Business Decisions

Fall 2019

Lecturer: Philipp Doerrenberg

ECTS: 6

Time Schedule:

Regular Class Times:

- Monday, 13.45-15.15, O 131 Wilhelm Müller Hörsaal, Schloss Ostflügel
- Wednesday, 10.15-11.45, O 133 KPMG Hörsaal, Schloss Ostflügel
- Lectures and exercise classes are integrated

Please note:

- The first meeting of the class is on Wednesday, Sept 04 (i.e., no class on Sept. 02).
- No classes on Sept 25 and Oct 02.
- Guest lecture on Oct. 21 (see below)

Guest Lecture:

Oct 21., 13.45-15.15

Mark Dinko Orlic, Partner at PWC: "Evolution of the Tax Advisor and Analytics in Practice"

Mark will talk about tax planning and tax consultancy in a big-4 accounting company. The lecture provides insights on the latest developments in tax advisory work in practice.

Overview:

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 investment, organizational form, mergers and acquisitions and multinational aspects. The impact of taxes on these 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.

Grading:

Written exam:

- 90 minutes,
- Maximum number of points: 90

Bonus points:

- Students can earn bonus points by delivering a presentation in class.
- These bonus points are added to the points achieved in the final written exam.
- Number of bonus points depends on performance/quality of presentation:
 - o Between 1 and 6 bonus points awarded for presentation.
 - o Minimum of one bonus point for giving a presentation.
 - o Excellent presentations yield 6 points.
- Not compulsory to give a presentation.
- Presentation length: about 15-20 minutes.
- Topic of Presentations: Presentation of an empirical research paper that relates to the topics that we cover in class.
- Papers for the presentations will be assigned randomly to interested students in class on September 30 (week 5 of term).
- Please drop me an email before September 23 if you will not attend the lecture on September 30, but have an interest in presenting.
- Presentations start in the second half of the term (first possible date for presentation: Oct 23).
- Depending on demand and size of class: presentation in groups.

Literature:

The lecture will mostly be based the following book:

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

Abbreviation: SWEHMS. I am using the 5th edition of the book. Other editions will also work. The university library is well stocked with copies of this book. The chapter numbers in the overview below refer to the chapter numbers in the 5th edition of the book.

Parts of the lecture will also draw upon the following books (also available in the library):

Endres and Spengel (editors): International Company Taxation and Tax Planning, Alphen aan Den Rijn: Kluwer Law International.

Abbreviation: ES

Schanz and Schanz: Business Taxation and Financial Decisions, Springer.

Abbreviation: SCH

Class Materials:

The lecture slides will be uploaded through ILIAS on a weekly basis. Please join the Ilias group for this class if you wish to take the class.

Content and Structure:

- 1) Class Organization and Introduction
- 2) Tax-Planning Fundamentals and Overview Tax Systems (SWEHMS chapter 1/2; SCH chapters 1/4/6)
- 3) Taxation of Investments (SCH chapters 2/3; SWEHMS chapter 3)
- 4) Organizational Form (SWEHMS chapter 4)
- 5) Implicit Taxes (SWEHMS chapter 5)
- 6) Nontax Costs of Tax Planning (SWEHMS chapter 6)
- 7) The Importance of Marginal Tax Rates (SWEHMS chapter 7)
- 8) Multinational Tax Planning (ES Part III, SWEHMS chapters 10/11)
- 9) Taxation of Mergers and Acquisitions (M&A) (SWEHMS chapter 13, maybe 14 and 15)
- 10) Taxation of Corporations (SWEHMS chapter 12, if we get there)
- 11) Student Presentations for Bonus Points (throughout the second half of the semester).