

# **Syllabus**

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

Fall 2021

Lecturer: Philipp Doerrenberg

ECTS: 6

### **Regular Class Times:**

- Monday, 13.45-15.15, in-person, physical room O 145
- Tuesday, 10.15-11.45, in-person, physical room O 145

### **Additional information:**

- Lectures and exercise classes are integrated.
- Classes run from Sept. 06 to Dec. 07.
- Guest lecture in November (see below).
- Subject to the applicable rules and the respective current pandemic situation, the class organization will be as follows:
  - o All lectures (Monday and Tuesday) will be on-site in the classroom.
  - o Please comply with the Covid security rules that apply to all in-person teaching activities at the University. You will need a classroom pass (*Hörsaalpass*) to sit in the classroom lectures. Please consult the information provided online: <https://www.uni-mannheim.de/en/about/map-and-directions/safety-on-campus/coronavirus-current-measures-and-recommendations/class-room-pass/>
  - o We will provide recorded lecture videos for students who do not attend the lectures on-site.
  - o Note that there will be no live streaming of the in-person lectures. (Students who are not able to attend the on-site lectures can watch the provided lecture videos.)
  - o We will switch to an all-virtual format (using Zoom software) if required by the pandemic situation.
- All communication regarding this class will be through ILIAS. Class materials will also be provided through ILIAS. Please join the ILIAS group for this course if you would like to take the class.

### **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.

Importantly, the class 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.

#### Guest Lecture:

November (exact date tba)

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. He will have a focus on the impact of Covid-19 on the profession.

#### 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 4 bonus points awarded for presentation.
  - o Minimum of one bonus point for giving a presentation.
  - o Excellent presentations yield 4 points.
- Not compulsory to give a presentation.
- Presentation length: about 15 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 27 (week 4 of term).
- Please drop me an email before September 26 if you will not attend the lecture on September 27, but have an interest in presenting.
- Presentations will be held in weeks 09-10 of the term (first possible date for presentation: Tuesday, Nov 02).
- Depending on demand and size of class: presentation in groups.

#### Literature:

The lecture will mostly be based the following books:

- Scholes, Wolfson, Erickson, Hanlon, Maydew and Shevlin: Taxes and Business Strategy: A Planning Approach. 5<sup>th</sup> Edition, Pearson.
  - o Abbreviation: SWEHMS.
  - o I am using the 5<sup>th</sup> 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 5<sup>th</sup> edition of the book.
- Schanz and Schanz: Business Taxation and Financial Decisions, Springer.
  - o Abbreviation: SCH

Additional literature:

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

#### Class Materials:

The lecture slides will be provided through ILIAS.

#### Content and Structure:

- 1) Class Organization and Introduction to Tax Planning (SWEHMS chapters 1/2; SCH chapter 1)
- 2) Principles of Investment Decisions (SCH chapter 2)
- 3) Integrating Taxes into Investment Models (SCH chapter 3)
- 4) Different Tax Treatments of Investment Decisions (SWEHMS chapter 3)
- 5) Business Taxation and Organizational Form (SCH chapter 6, SWEHMS chapter 4)
- 6) Implicit Taxes, Clienteles and Tax Arbitrage (SWEHMS chapter 5)
- 7) Types of Tax Rates and Uncertainty (SWEHMS chapter 7)
- 8) Multinational Tax Planning (ES Part III, SWEHMS chapters 10/11)

Student Presentations for Bonus Points (throughout weeks 09-10 of the term).