

# Syllabus

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

Fall 2022

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

ECTS: 6

### Regular Class Times:

- Monday, 12.00-13.30, room O 131, in-person
- Wednesday, 10.15-11.45, room O 148, in-person

Please note: the first class of the term will be on Wednesday, Sept. 7.

On Monday, Sept. 05, at 12 noon (room O 133) the Area "Accounting and Taxation" will hold an information session for MMM students interested in accounting and taxation. We sincerely invite everybody to attend this info session (also see here: <https://www.bwl.uni-mannheim.de/en/programs/first-year-students/mannheim-master-in-management/>).

### Additional organizational information:

- Lectures and exercise classes are integrated.
- Classes run from Sept. 07 to Dec. 05.
- Guest lecture in November (see below).
- 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.
- We will switch to an all-virtual or hybrid format if required by the pandemic situation.

### 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. Specific knowledge of tax rules and institutions is therefore *not* a necessary prerequisite for taking this class.

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 or organizational form. 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' (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.

#### Literature:

The lecture will mostly be based on 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 use 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) Integrating Taxes into Investment Models (SCH chapters 2/3)
- 3) Different Tax Treatments of Investment Decisions (SWEHMS chapter 3)
- 4) Business Taxation and Organizational Form (SCH chapter 6, SWEHMS chapter 4)

- 5) Implicit Taxes, Clienteles and Tax Arbitrage (SWEHMS chapter 5)
- 6) Non-tax Costs of Tax Planning (SWEHMS chapter 6.1-6.4)
- 7) Types of Tax Rates and Uncertainty (SWEHMS chapter 7)

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 12-15 minutes.
- Group work: presentations will be in groups (group size depends on demand and size of class).
- Topic of Presentations: Presentation of an empirical research paper that relates to the topics that we cover in class.
  - o Focus on economic content and take-away message, not on technical details of empirical analysis.
- Papers for the presentations will be assigned randomly to interested students in week 4 of term.
- Presentations will be held in weeks 09-10 of the term.