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Tax 730: Seminar in Taxation
Current topics in international taxation (Spring 2025)

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Topic 1: Distributional implications of excise taxes – A review of the empirical literatureDescription:

To collect taxes serves three general purposes: 1) financing government expenditures (provision of public goods), 2) achieving targets of redistribution and 3) disincentivizing undesired activities (e.g. CO2 emission). This seminar thesis explores a potential target conflict between the second and third mentioned motif. E.g.: If excise taxes on fuel are raised, will companies or the consumer bear the additional cost? If the latter is the case, who will be 'hit' hardest by the policy? The seminar thesis reviews the recent literature concerning the incidence of excise taxes. Following, distributional effects are analysed by means of a case study, drawing upon hypothetical and stereotypic consumption baskets of citizen in the upper and lower echelon of the income distribution.

Further readings:

Fuest, C., Neumeier, F., Stöhlker, D., 2022. Der Tankrabatt: Haben die Mineralölkonzerne die Steuersenkung an die Kunden weitergegeben? Perspektiven der Wirtschaftspolitik 23(2), p. 74–80.

Schieritz, M., 2021. Die Wahrheit über die Gelbwesten und den Umweltschutz. Die Zeit, available at <https://www.zeit.de/politik/ausland/2021-07/frankreich-gelbwestenbewegung-klimapolitik-wirtschaftsreform-proteste-demonstration>.

Schmerer, H.-J., Hansen, J., 2023. Pass-through effects of a temporary tax rebate on German fuel prices. Economic Letters 227, 111104.

Topic 2: Digital nomad visas and their implications for international taxation – Challenges and opportunities in the remote work eraDescription:

In recent years, a growing number of countries have introduced digital nomad visas (DNVs), which enable remote workers to legally live and work in a foreign country for a specified period. These visas are tailored for individuals employed by companies outside the host

country or for self-employed with foreign clients. The primary objectives of digital nomad visas are to attract skilled professionals, stimulate local economies, and offer a legal framework for digital nomads who previously operated in uncertain legal territory. This thesis explores the expansion of remote work and location-independent professionals, focusing on how these visas are reshaping traditional concepts of tax residency and presenting new opportunities and challenges for international tax systems.

Further Readings:

Casi, E., Mohammed, M. and Stage, B. (2023). Citizenship/Residence by Investment and Digital Nomad Visas: The Golden Era of Individual Tax Evasion and Avoidance, TRR 266 Working Paper No. 129.

OECD, 2022. Should OECD countries develop new Digital Nomad Visas? Online abrufbar unter https://www.oecd.org/content/dam/oecd/en/publications/reports/2022/07/should-oecd-countries-develop-new-digital-nomad-visas_4d283d33/4d425e15-en.pdf (5.11.2024).

Pignatari, L. (2024). The Taxation of ‚Digital Nomads‘ and the ‚3 W’s‘: Between Tax Challenges and Heavenly Beaches. Intertax 51 (5), p. 384-396.

Tyutyuryukov, V. and Guseva, N. (2021). From remote work to digital nomads: Tax issues and tax opportunities of digital lifestyle, IFAC-PapersOnLine, 54 (13), p. 188-193.

Topic 3: Exit taxation as a measure to prevent corporate departures - A critical analysis of the status quo in the EU

Description:

The Anti-Tax Avoidance Directive (ATAD) has obliged all member states of the European Union (EU) to introduce a so-called exit tax. The aim of exit taxation is to make leaving the country more expensive by taxing the hidden reserves of assets or companies on departure. While some EU member states already had exit taxation before the ATAD, the majority of member states introduced it in response to the ATAD. The goal of this thesis is to explain the functioning

of exit taxes as stipulated by the ATAD, to provide an overview of past and current country practice within the EU and to critically evaluate the tax measure.

Further readings:

Winkler, G., 2024. Tax It before Exit: Exit Taxation and Greenfield Investments, Working Paper available at <http://dx.doi.org/10.2139/ssrn.4696569>

Letizia, G., 2020. The Recent Restrictive ECJ Approach to Exit Tax and the ATAD Implementation. *EC Tax Review* (1), p. 33-37.

Peeters, S., 2017. Exit Taxation: From an Internal Market Barrier to a Tax Avoidance Prevention Tool. *EC Tax Review* (3), p. 122-132.

Röder, E., 2014. Co-Ordination of Corporate Exit Taxation in the Internal Market and Beyond. Working Paper of the Max Planck Institute for Tax Law and Public Finance No. 2014 - 22 available at <https://ssrn.com/abstract=2537465>.

Schmidtman, D., 2012. The European Company (Societas Europaea SE) Caught in between Cross-Border Mobility and Lock-In Effect – An Empirical Analysis on the Influence of Exit Taxation upon Cross-Border Mergers and Seat Location Decisions. *World Tax Journal* (34), p. 34 - 75.

Topic 4: Reform proposals for the harmonization of the corporate tax base in the EU - Evolution, challenges and implications

Description:

As part of the further integration of the European single market, the European Commission aims to remove remaining obstacles to cross-border economic activities in Europe. With the 2011 proposal for a 'Common Consolidated Corporate Tax Base' (CCCTB) directive, the European Commission submitted a proposal to harmonize the corporate tax base in the EU in order to reduce compliance costs for companies and combat harmful tax competition. This draft directive failed. In 2023, another attempt was launched with 'Business in Europe: Framework for Income Taxation' (BEFIT) proposal, sharing the same idea, but differing in

details from the CCCTB proposal. The aim of this seminar paper is to critically analyze the proposed rules for profit determination as well as broader challenges and implications of harmonising the corporate tax base against the background of the evolution of the respective draft directives.

Further readings:

European Commission, 2011. Proposal for a council directive on a Common Consolidated Corporate Tax Base (CCCTB), available at <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52011PC0121> (08.11.2024).

European Commission, 2016. Proposal for a council directive on a Common Consolidated Corporate Tax Base (CCCTB), available at <https://eur-lex.europa.eu/legal-content/en/ALL/?uri=CELEX%3A52016PC0683> (08.11.2024).

European Commission, 2023. Proposal for a council directive on Business in Europe: Framework for Income Taxation (BEFIT), available at <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52023PC0532&%3Bqid=1700565513879> (08.11.2024).

Spengel, C., Matenaer, S., Ortmann-Babel, M., Zinn, B., 2012. A Common Corporate Tax Base for Europe: An Impact Assessment of the Draft Council Directive on a CC(C)TB. World Tax Journal (WTJ), S. 185-221.

Spengel, C., Zöllkau, Y., 2012. Common Corporate Tax Base (CC(C)TB) and Determination of Taxable Income. Springer-Verlag Berlin, Heidelberg. Available at <https://link.springer.com/book/10.1007/978-3-642-28433-5> (08.11.2024).

Topic 5: Global Minimum Tax and Controlled Foreign Company Rules – Analyzing their interaction and impact on multinational corporations

Description:

Controlled Foreign Company (CFC) rules have long served as a key measure for combating profit shifting of multinational corporations by taxing the profits of low-taxed foreign

subsidiaries in the parent company's home country. In 2023, most OECD countries adopted a global minimum tax, introducing a minimum effective tax rate of 15% for large multinational corporations, marking a significant shift in international tax policy. This thesis explores the distinctions and overlaps between CFC rules and the global minimum tax, analyzing their interactions and assessing their implications for multinational firms and the evolving international tax landscape.

Further readings:

Bettens, D., 2022. The CFC Rule Under GloBE: Definition, Rule Order And Strategic Responses.

Available at SSRN: <https://ssrn.com/abstract=4297267>.

Geiger, F., 2023. Pillar Two - Globale Mindestbesteuerung vs. Hinzurechnungsbesteuerung im Transaktionsumfeld - Teil 1. Die Unternehmensbesteuerung, p. 558-567.

Overesch, M., Schindler, D. and Wamser, G., 2024. Design and Consequences of CFC and Gilti Rules: A Review and Potential Lessons for the Global Minimum Tax. CESifo Working Paper No. 11018. Available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4783698.

Richter, L., and Lentjes, P., 2023. Zur Allokation von erfassten Steuern im Spannungsfeld von Pillar Two und Hinzurechnungsbesteuerung. Internationales Steurrecht, S. 409-415.

Spengel, C., Schulz, I. and Winter, S., 2023. Steuerplanung unter der globalen Mindeststeuer. Der Betrieb 76, p. 2198-2205.

Topic 6: The reverse charge mechanism – A remedy to close the VAT gap in the EU?

Description:

Value-Added Tax (VAT) fraud is a significant threat to the economic stability of the European Union (EU), costing member states billions of euros in lost revenue each year, much of it stemming from organized fraud schemes such as missing trader and carousel fraud. In response, EU member states implemented the reverse charge mechanism (RCM) for high-risk transactions, shifting the responsibility for VAT payment from the seller to the buyer. While

this approach has proven effective in mitigating organized fraud, it is not without its challenges and unintended consequences.

This seminar paper aims to critically examine the effectiveness of the RCM in closing the VAT gap in the EU. It explores the mechanism's implementation, its advantages over traditional VAT collection methods, and the obstacles that hinder its widespread adoption.

Further readings:

Buettner, T. and Tassi, A., 2023. VAT fraud and reverse charge: empirical evidence from VAT return data. *International Tax and Public Finance* 30, p. 849–878.

De La Feria, R., 2019. The new VAT general reverse-charge mechanism. *EC Tax Review* 28, p. 172–175.

Stiller, W. and Heinemann, M., 2024. Do more harm than good? The optional reverse charge mechanism against cross-border tax fraud. *The Quarterly Review of Economics and Finance* 95, p. 61–84.

Topic 7: Inter-nation equity and international tax reforms – A critical analysis of the OECD Pillar I and II proposals

Description:

Similar to equity considerations within a country, inter-nation equity refers to the fair distribution of tax revenue rights between countries, particularly ensuring that all nations—regardless of economic status—can tax profits generated within their borders by multinational corporations. To address these challenges, the OECD introduced the Pillar One and Pillar Two proposals, which aim to reallocate taxing rights to market jurisdictions and establish a global minimum tax, respectively. This thesis critically examines how these initiatives impact the equitable distribution of tax revenues across countries, especially regarding fairness between developed and developing nations.

Further readings:

Chukwudumogu, C., 2024. Inter-Nation Equity and the Regulation of Tax Competition via the Global Minimum Tax Rule: A Case for Improvement. *Intertax* 52 (10), p. 621-634.

Musgrave, R. A., Musgrave, P. B., 1972. Inter-Nation Equity. In: Bird, R., Head, J. (eds.). *Modern Fiscal Issues: Essays in Honor of Carl S. Shoup*. University of Toronto Press, p. 63-85.

Ozai, I., 2021. Inter-nation Equity Revisited. *Columbia Journal of Tax Law*, p. 58-88.

Wanyana Oguttu, A., 2020. A Critique from a Developing Country Perspective of the Proposals to Tax the Digital Economy. *World Tax Journal* 12 (4), p. 799-828.

Topic 8: Countering tax avoidance through disclosure – An examination of disclosure regulations and tax avoidance schemes in the UK**Description:**

Aligning tax practices with ESG principles is a critical aspect of corporate strategy, as tax avoidance can jeopardize a company's reputation, investor relations, and compliance status, potentially diminishing its ESG standings. Governments prioritize combating tax avoidance on many tax policy agendas. In the UK, three specific disclosure regimes – VADR, DASVOIT, and DOTAS – have been implemented to curb tax avoidance through various taxes such as value-added tax or corporate income tax. These regimes enable the government to gather data about tax avoidance schemes and their users, thereby enhancing transparency and accountability. Furthermore, these schemes are made publicly available online, allowing insight into how they work. The objective of this seminar thesis is to delineate the differences between tax avoidance, tax evasion, and tax planning, connecting these concepts to sustainability. It shall then critically examine the UK's disclosure regimes that require reporting on tax avoidance schemes and explore the various schemes disclosed by the UK government, categorizing them along various dimensions, e.g., tax types or involved parties. The final scope of the seminar thesis is determined in consultation with the supervisor.

Further readings:

Endres, D., Spengel, C. (Eds.), 2015. International Company Taxation and Tax Planning. Kluwer Law International, Alphen aan den Rijn.

HMRC, 2020. Tax avoidance schemes currently in the spotlight, available at <https://www.gov.uk/government/collections/tax-avoidance-schemes-currently-in-the-spotlight-number-20-onwards> (28. 04. 2024).

HMRC, 2022. Disclosure of tax avoidance schemes, available at <https://www.gov.uk/guidance/disclosure-of-tax-avoidance-schemes-overview> (28. 04. 2024).

HMRC, 2022. Introduction to tax avoidance, available at <https://www.gov.uk/guidance/tax-avoidance-an-introduction> (28. 04. 2024).

Topic 9: Pillar 1 and digital services taxes - Complementary mechanisms or substitute approaches in international taxation**Description:**

The rapid digitalisation of the global economy has intensified debates on how best to tax multinational companies, especially those with digital business models. These business models often circumvent traditional tax frameworks, and two main approaches have emerged in response: Pillar 1, an initiative under the OECD/G20 Inclusive Framework aimed at reallocating taxing rights to market jurisdictions, and Digital Services Taxes (DSTs), unilateral measures enacted by individual countries targeting digital revenues. While Pillar 1 proposes a global solution, DSTs reflect national attempts to address perceived gaps in the taxation of digital businesses. This thesis assesses their complementarity, or the advantage of having only one of them, by reviewing existing DSTs and the Pillar 1 rules as well as analysing their potential interactions.

Further readings:

Avi-Yonah, R., Kim, Y. R. C., Sam K., 2022. A new framework for digital taxation. Harvard International Law Journal 63(2), p. 279–341.

Hines, J. R., 2023. Digital Tax Arithmetic. National Tax Journal 76(1), p. 119–143.

Stollsteiner, G., 2024. Fair Taxation in the Digital Age: Can the OECD Two-Pillar Solution replace Digital Services Taxes?. *Financial Law Review* 33(1), p. 1–15.

Vella, J., 2019. Digital services Taxes: Principle as a Double-Edged Sword. *National Tax Journal* 72(4), p. 821–838.

Navarro, A., Kostić, S., 2023. Pillar One and Mobility – A Truly Global Solution?. *Intertax* 51(12), p.840–850.

Topic 10: Reducing cross-border tax complexity for SMEs – A critical analysis of the EU Commission’s HOT proposal

Description:

Small and medium-sized enterprises (SMEs) represent the majority of businesses in the EU and are perceived as major drivers of economic growth and innovation. However, when operating across borders, SMEs have to comply with different national tax laws, resulting in significant compliance costs. As these compliance costs are largely fixed in nature, SMEs face a proportionately higher burden than large companies. To reduce cross-border tax complexity for SMEs, the European Commission recently presented a proposal for a directive establishing a so-called Head Office Tax (HOT) system for SMEs. The proposal aims to increase tax certainty and reduce compliance costs by allowing SMEs to file a single tax return with only one tax administration. This thesis describes the tax challenges SMEs face when operating across borders and critically assesses the HOT proposal.

Further readings:

Bergner, S., Bräutigam, R., Evers, M., Spengel, C., 2017. The Use of SME Tax Incentives in the European Union. ZEW Discussion Paper No. 17-006, available at <http://ftp.zew.de/pub/zew-docs/dp/dp17006.pdf> (05.11.2024).

European Commission, 2023. Proposal for a council directive establishing a Head Office Tax system for micro, small and medium sized enterprises, and amending Directive

2011/16/EU, COM(2023) 528 final, available at <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:52023PC0528> (05.11.2024).

European Commission: Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, European Innovation Council and SMEs Executive Agency, Di Legge, A., Ceccanti, D., Hortal Foronda, F. et al., 2022. Tax compliance costs for SMEs – An update and a complement – Final report, available at <https://data.europa.eu/doi/10.2873/180570> (05.11.2024).

Meinecke, J., Tremurici, C., 2024. Neuer Versuch, neues Glück – oder besser: Aller guten Dinge sind drei? Das BEFIT-Package und der HOT-Richtlinienentwurf – Ein Überblick über die Richtlinienvorschläge der EU-Kommission v. 12.9.2023. *IStR* 6, p. 213-223.

Scherleitner, M., Mäki, N., 2024. The HOT Proposal and Primary EU Law – An Examination and Suggestions to Address Possible Validity Concerns. *World Tax Journal* 16 (3), forthcoming.