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**Tax 730: Seminar in Betriebswirtschaftlicher Steuerlehre
(HWS 2020)**

Overview

| No. | Topics | Advisor |
|-----|---|--------------|
| 1 | COVID-19 und liquiditätseingeschränkte Firmen: Steuerstundung als Antwort auf die Krise COVID-19 and cash-constrained companies: Tax deferral as a response to the crisis | Bührle |
| 2 | The digitalization of corporate tax reporting: on the benefits and drawbacks of mandating the use of eXtensible Business Reporting Language (XBRL) ➔ Only possible in English | Casi |
| 3 | Steuerliche Komplexität – Ein Überblick über die jüngere Empirische Literatur und eine Anwendung auf den Fall Deutschlands Tax Complexity – An Overview of the Recent Literature and an Application to the Case of Germany | Kock |
| 4 | Vermeidung von Gewinnverlagerung – eine kritische Analyse ausgewählter Maßnahmen Preventing profit shifting – a critical analysis of selected measures | Dutt |
| 5 | Steuerpolitik in der Corona-Krise – Überblick und kritische Analyse steuerpolitischer Maßnahmen für die Unternehmensbesteuerung in Deutschland Tax policy in the corona-crisis - Overview and critical assessment of tax policy instruments for corporate taxation in Germany | Fischer |
| 6 | Gewinnverlagerung multinationaler Unternehmen – Eine kritische Analyse aktueller empirischer Evidenz Profit Shifting of Multinational Corporations – A Critical Analysis of Recent Empirical Evidence | Ludwig |
| 7 | Die Rolle von Steuertransparenz in der Bekämpfung von Steuerplanung - Überblick und Vergleich der empirischen Literatur The Role of Tax Transparency in Fighting Tax Planning– A Review of the Recent Empirical Literature | Müller |
| 8 | Die Aufnahme des Themas „Steuern“ in Corporate Social Responsibility (CSR) Reports – eine kritische Bewertung anhand aktueller Entwicklungen The inclusion of the topic "taxes" in Corporate Social Responsibility (CSR) Reports - a critical assessment based on current developments | Stage |
| 9 | Die Auswirkungen von Innovationsboxen auf steuerliche Gewinnverlagerung und reale (Forschungs-)Aktivitäten – Ein Überblick über die aktuelle empirische Literatur The Impact of Intellectual Property Boxes on Profit Shifting and Real (R&D) Activity – A Review of the Recent Empirical Literature | Steinbrenner |

Topic 1:Description:

What started as a side note on a virus outbreak in a little-known Chinese province quickly developed to a global pandemic: It took only a few weeks for COVID-19 to put healthcare systems, governments and the general public under immense pressure. Disruptions in the global supply chains as well as plummeting demand due to local restrictions and quarantine measures continue to impair the economy.

Amongst others, the delay of tax payments is one policy measure that has been implemented to support businesses in this time of uncertainty. The goal of this thesis is to first discuss the reasoning behind tax deferral as a countermeasure to the crisis. In the light of the current empirical literature, it should be evaluated which firms are likely to benefit from the policy. Second, the student should provide an overview and timeline of the implementation of tax deferral laws across countries, analysing and comparing the design and the potential effectiveness of the individual measures. As a potential outlook, the student could discuss tax deferral in view of other policy instruments.

Further readings:

- Adjei, F., 2013. The effects of cash holdings on corporate performance during a credit crunch: Evidence from the sub-prime mortgage crisis. *Journal of Economics and Finance* 37 (2), p 188-199.
- Bofinger, P., Dullien, S., Felbermayr, G., Fuest, C., Hüther, M., Südekum, J., di Mauro, B. W., 2020. Wirtschaftliche Implikationen der Corona-Krise und wirtschaftspolitische Maßnahmen, Report (March 2020), available at https://www.iwkoeln.de/fileadmin/user_upload/Studien/policy_papers/PDF/2020/IW-Policy-Paper_2020-COVID.pdf (06.04.2020).
- Brown, J. R., Martinsson, G., Thomann, C., 2019. Access to Liquidity in a Financial Crisis, Working Paper (September 2019), available at <https://www.hhs.se/contentassets/2a8f3fd6f9d1406b858886501316e2e7/ssrn-id2506694-1.pdf> (06.04.2020).
- De Vito, A., Gomez, J. P., 2020. Estimating the COVID-19 Cash Crunch: Global Evidence and Policy, Working Paper (April 2020), available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3568495 (06.04.2020).
- Edwards, A., Schwab, C., Shevlin, T., 2016. Financial constraints and cash tax savings. *The Accounting Review* 91 (3), p. 859-881.

Topic 2:Description:

XBRL is an international language for business reporting, which enables the efficient gathering of data and automated comparison of financial data over time and across firms. XBRL presents unique opportunities for tax authorities to improve the tax audit since thanks to the high degree of automation it reduces personnel and administrative costs. Its benefits extend to the academic community since the easiness with which data can be extracted and analysed create abundant opportunities for future research in auditing and accounting. However, firms face significant high one-off costs to introduce this technology. What is more, since XBRL taxonomies only tag summary data and not transactional data, so far XBRL can only be used for comparative analysis.

Certain countries, such as Germany, UK and Ireland made it compulsory for firms to submit a fully standardised tax basis balance sheet and tax income statement in XBRL format and other countries (e.g. the U.S.) forced also the electronic submission of financial reporting in XBRL format. What do we know so far on the benefits of such regulatory change? Did it indeed serve the purpose of making tax audits more efficient? Does it create new database for researchers? Should it be introduced worldwide?

Further readings:

Hoitash, R., Hoitash, U., Landi, M., 2020. eXtensible Business Reporting Language: A Review and Directions for Future Research. *Working Paper*.

Bozanic, Z., Hoopes, J.L., Thornock, J.R. and Williams, B.M., 2017. IRS Attention. *Journal of Accounting Research* 55 (1): 79-114.

Hoitash, R. and U. Hoitash. 2018. Measuring accounting reporting complexity with XBRL. *The Accounting Review* 93 (1), 259-287.

Lee, A., Rabenort, M., 2009. The Changing Role of the Tax Professional. *International Tax Review* 20 (8), 32-34.

Poole, J., 2019. The Hidden Value of XBRL, KMPG, available at <https://home.kpmg/ie/en/home/insights/2016/05/the-hidden-value-of-xbrl.html>

Topic 3:Description:

Taxation is generally considered a complex topic by the broader public. But also in the professional world, the concern is often raised that the tax code has become more complicated over time. This is particularly true in Germany, where multiple attempts to simplify the system of direct taxation have failed. From a scientific point of view, there are three questions of interest arising from this development: first, how can we adequately measure tax complexity? Second, which factors drive tax complexity? Third, what is the effect of complexity on individuals, corporations and administrations? The seminar thesis shall attempt to provide an answer to this question by reviewing the relevant empirical literature, and applying the derived knowledge to study the case of Germany.

Further readings:

- Abeler, J., Jäger, S., 2015. Complex Tax Incentives. American Economic Journal: Economic Policy, 7 (3): 1-28. DOI: 10.1257/pol.20130137
- Blesse, S., Buhlmann, F., Dörrenberg, P., 2019. Do People Really Want a Simple Tax System? Evidence on Preferences Towards Income Tax Simplification, ZEW Discussion Paper No. 19-058
- Eichfelder, S., Evers, L., Gläser, S. C., Heinemann, F., Jenzen, H., Kalb, A., Misch, F., 2010. Auswirkungen von Steuervereinfachungen. Bundesministerium für Wirtschaft und Technologie, Mannheim.
- Hoppe, T., Schanz, D., Sturm, S., Sureth-Sloane, C., 2018. What are the Drivers of Tax Complexity for MNCs? Global Evidence. Intertax, 46 (8/9), 654-675
- Ramboll Management Consulting & The Evaluation Partnership & Europe Economic Research, 2014. A review and evaluation of methodologies to calculate tax compliance costs. Taxation Papers 40, Directorate General Taxation and Customs Union, European Commission.
- Slemrod, J., 2005. The Etiology of Tax Complexity: Evidence from U.S. State Income Tax Systems. Public Finance Review, 33(3), 279–299.
<https://doi.org/10.1177/1091142105275003>
- Zwick, E., 2018. The Costs of Corporate Tax Complexity. NBER Working Paper No. w24382. Available at SSRN: <https://ssrn.com/abstract=3138315>

Topic 4:Description:

In light of excessive profit shifting by large multinational enterprises, various measures have emerged that aim at curbing abusive tax avoidance, thus establishing a fair and efficient tax system. Prominent initiatives that foster the fight against tax avoidance are the OECD's Base Erosion and Profit Shifting project as well as the European Commission's Anti-Tax Avoidance Package. Examples of the measures discussed therein include stricter anti-tax avoidance measures (interest deduction limitation rules, controlled foreign company legislation), increased tax transparency (country-by-country reporting, transfer pricing documentation, exchange of information), harmonization (common corporate tax base, CCTB) as well as fundamental tax reforms, such as formula apportionment (common consolidated corporate tax base, CCCTB). While some of these measures are still under discussion, others are already in place and have given rise to empirical evidence on their effectiveness. The aim of the thesis is to critically discuss selected measures in the fight against excessive profit shifting based on theoretical and, if available, empirical literature.

Further readings:

Bräutigam, R., Heinemann, F., Schwab, T., Spengel, C., Stutzenberger, K., 2018. Internationaler Steuerwettbewerb – Bewertung, aktuelle Trends und steuerpolitische Schlussfolgerungen, Stiftung Familienunternehmen, München.

Büttner, T., Overesch, M., Schreiber, U., Wamser, G., 2012. The impact of thin-capitalization rules on the capital structure of multinational firms. *Journal of Public Economics* 96, p. 930-938.

European Commission, 2015. A Fair and Efficient Corporate Tax System in the European Union: 5 Key Areas for Action, COM(2015) 302 final, available at <https://ec.europa.eu/transparency/regdoc/rep/1/2015/EN/1-2015-302-EN-F1-1.PDF> (07.04.2020).

Fuest, C., Spengel, C., Finke, K., Heckemeyer, J. H., Nusser, H., 2013. Profit Shifting and “Aggressive” Tax Planning by Multinational Firms: Issues and Options for Reform. *World Tax Journal* 5(3), p. 307-324.

OECD, 2015. OECD/G20 Base Erosion and Profit Shifting Project: 2015 Final Reports – Executive Summaries, available at <https://www.oecd.org/ctp/beps-reports-2015-executive-summaries.pdf> (07.04.2020).

Topic 5:Description:

Within a few weeks, the spread of the novel corona virus has challenged healthcare systems all over the world. In order to minimize health and life consequences of COVID-19, governments have taken drastic measures that have not only noticeably changed lives of individuals, but heavily impacted the vast majority of corporations due to negative demand shocks as well as interruptions in the global supply chain.

To counteract these negative economic consequences for corporations, governments could adopt different measures from a tax policy perspective. Therefore, the aim of the thesis is to provide an overview and critically evaluate the different tax policy instruments from the perspective of the German government and to develop an understanding of the effects of corporate taxation in economic crisis.

Further readings:

- Bofinger, P., Dullien, S., Felbermayr, G., Fuest, C., Hüther, M., Südekum, J., di Mauro, B. W., 2020. Wirtschaftliche Implikationen der Corona-Krise und wirtschaftspolitische Maßnahmen. Report (March 2020), available at https://www.iwkoeln.de/fileadmin/user_upload/Studien/policy_papers/PDF/2020/IW-Policy-Paper_2020-COVID.pdf (30.04.2020).
- Koch, R., Langenmayr, D., 2020. Corona-Krise: Steuerliche Belastungen für Unternehmen in Verlustsituationen reduzieren. available at <https://www.ku.de/wwf/forschung/forschungsinstitute/ku-research-institute-for-taxation/oeffentlichkeitsarbeit/wortmeldungen/corona-krise/> (30.04.2020).
- Schanz, D., 2020. COVID-19: combat liquidity shortages with immediate loss carryback. Available at <https://accounting-for-transparency.de/blog-covid-19-combat-liquidity-shortages-with-immediate-loss-carryback/> (30.04.2020).
- Spengel, C., Zinn, B., 2012: Steuerpolitik nach der Krise: Welche Maßnahmen sind für die Unternehmensbesteuerung in Deutschland zu ergreifen?. Perspektiven der Wirtschaftspolitik 13, pp. 19-51.

Topic 6:Description:

Despite the anecdotal evidence of profit shifting, the recent empirical literature shows controversial results. The recent controversial results might be due to reduced profit shifting potential or different empirical methods used to estimate the extent of profit shifting.

The purpose of this thesis is to categorize and evaluate which data and empirical methods are used in the empirical literature and to develop an understanding of empirical research.

Further readings:

- Bilicka, K. A. 2019. Comparing UK Tax Returns of Foreign Multinationals to Matched Domestic Firms. *American Economic Review*, 109(8), 2921–2953.
- Dharmapala, D., 2014. What Do We Know about Base Erosion and Profit Shifting? A Review of the Empirical Literature. *Fiscal Studies* 35, p. 421-448.
- Dowd, T., Landefeld, P., Moore, A., 2017. Profit shifting of U.S. multinationals. *Journal of Public Economics* 148 (C), p. 1-13.
- Blouin, J., Robinson, L. A. 2019. Double counting accounting: How much profit of multinational enterprises is really in tax havens? available at: <https://papers.ssrn.com/abstract=3491451>

Topic 7:Description:

International tax planning and profit shifting is a major concern for policymakers around the world. As a response, many countries have introduced anti-tax avoidance rules as well as tax transparency rules. Moreover, leakages and increased media attention on corporate tax behavior have put external pressure on firms to pay their "fair share of taxes". Proponents of tax transparency argue that it reduces the attractiveness of tax avoidance by facilitating the identification of tax planning arrangements.

The purpose of this thesis is to compare the empirical literature on the effects of tax transparency on corporate tax avoidance and to critically discuss the results of the studies in light of their setting and methodological approach.

Further readings:

- Dyreng, S., Hoopes, J., Wilde, J., 2016. Public Pressure and Corporate Tax Behavior. *Journal of Accounting Research* 54 (1), p. 147-185.
- Gallemore, J., Maydew, E., Thornock, J., 2014. The Reputational Costs of Tax Avoidance. *Contemporary Accounting Research* 31 (4), p. 1103-1133.
- Hoopes, J., Robinson, L., Slemrod, J., 2018. Public tax-return disclosure. *Journal of Accounting and Economics* 66 (1), p. 142-162.
- Hope, O.-K., Ma, M., Thomas, W., 2013. Tax avoidance and geographic earnings disclosure. *Journal of Accounting and Economics* 56 (2-3), p. 170-189.
- O'Donovan, J., Wagner, H., Zeume, S., 2019. The Value of Offshore Secrets: Evidence from the Panama Papers. *The Review of Financial Studies* 32 (11), p. 4117-4155.

Topic 8:Description:

The world's most important Corporate Social Responsibility (CSR) framework from the non-profit multi-stakeholder initiative Global Reporting Initiative (GRI) recently took the topic of taxation into its manual. The GRI Standard 209 on taxation requests that companies disclose all jurisdictions where they are liable for tax along with details such as the names of the relevant entities, revenues from intragroup transactions from other countries and corporate income tax paid. The standard also requests that companies disclose the organisation's tax strategy, which executives approve it and their approach to regulatory compliance. Stakeholders and shareholders expect to see more transparency in tax matters from firms adopting this standard.

The majority of sustainability reports in Germany, but also in other countries, refer to the GRI. Showing that this change in the CRS manual might also change the general importance of taxes in CSR reports. Already before the adoption of the topic of taxation into the GRI-Standard a subgroup of CRS reports have been discussing the topic of taxation.

The purpose of this thesis is to question which goals are pursued by including the topic of taxation into CRS-reports in general and what we know empirically about the determinants and consequences of the decision to include taxes as a topic in CRS-reporting.

Further readings:

Financial Times, 2019. Investment groups want companies to disclose global taxes. Available online: <https://www.ft.com/content/d84eeafc-16c6-11ea-9ee4-11f260415385>.

Hardeck, I., Clemens, M., 2016. Steuern im Lichte der CSR-Debatte - praktischer Nutzen und Handlungsimplicationen, Betriebs Berater, S. 918-928.

Desai, M., & Dharmapala, D., 2005. Corporate social responsibility and taxation: The missing link. Leading Perspectives (Winter), S. 4-5.

GRI, 2019. Standard 207 for Tax and Payments to Governments. online abrufbar unter: <https://www.globalreporting.org/standards/gri-standards-download-center/gri-207-tax-2019/>.

Payne, D.M., Raiborn, C.A., 2018. Aggressive Tax Avoidance: A Conundrum for Stakeholders, Governments, and Morality. Journal of Business Ethics 147, S. 469-487.

Hardeck, I., Kirn, T., 2016. Taboo or technical issue? An empirical assessment of taxation in sustainability reports, Journal of Cleaner Production 133, S. 1337-1351.

Topic 9:Description:

Firms' innovative activity is viewed as a key driver of productivity and economic growth. However, due to unpriced innovation spillovers R&D is undersupplied. Therefore, governments introduce tax incentives to encourage innovation. During the last decade, several countries introduced so-called Innovation Boxes (IP Boxes), which permit considerably reduced corporate tax rates on income that is generated by the use of intellectual property. The motivation of these IP Boxes is (i) retaining mobile income that is otherwise shifted out of the country to lower-tax jurisdictions and attract mobile income from higher-tax jurisdictions; (ii) increasing innovation; and (iii) increasing the amount of real economic activity within a country. However, the literature is critical on the effectiveness of IP Boxes and the role of this instrument in profit shifting of multinational companies.

The purpose of this thesis is a critical overview on the recent empirical literature on the effectiveness of IP Boxes on encouraging innovation as well as increasing the amount of real economic activity.

Further readings:

- Bradley, S., Robinson, L., Ruf, M., 2018. The Impact of Patent Box Regimes on the M&A Market. Working Paper.
- Bradley, S., Dauchy E., L. Robinson. 2015. Cross-country Evidence on the Preliminary Effects of Patent Box Regimes on Patent Activity and Ownership. National Tax Journal 68 (4), p. 1047-1071.
- Chen, S., De Simone, L., Hanlon, M., Lester, R., 2019. The Effect of Innovation Box Regimes on Income Shifting and Real Activity. Working Paper.
- Ciaramella, L., 2017. Patent Boxes and the Relocation of Intellectual Property. Working Paper.
- Falk, J., Peng, F., 2018. Impact of the Intellectual Property Tax Regime on FDI in R&D Activities at the City Level. Review of Policy Research, p. 733-749.
- Köthenbürger, M., Liberini, F., Stimmelmayer, M., 2019. (Un)Intended Effects of Preferential Tax Regimes: The Case of European Patent Boxes. Working Paper.
- Schwab, T., Todtenhaupt, M., 2019. Thinking Outside the Box: The Cross-border Effect of Tax Cuts on R&D. Working Paper.