

Prof. Dr. Philipp Dörrenberg & Prof. Dr. Christoph Spengel

**Tax 730: Seminar in Betriebswirtschaftlicher Steuerlehre
(FSS 2024)**

Overview

No.	Topics	Advisor
1	The effects of bonus depreciation on investment and workers – A critical analysis of the literature	Arnemann
2	Making the Case for a Provision of Last Resort – A Systematic Analysis of the Functioning and Applicability of General Anti Avoidance Rules	Gaul
3	The Use of Residence and Citizenship by Investment Programs for Tax Evasion - A Critical Analysis	Gundert
4	Controlled Foreign Company rules as instrument to avoid cross-border tax planning - A critical analysis	Gschoßmann
5	Environmental taxes – An overview of implementations in the EU	Pfrang
6	R&D tax incentives and the location of intellectual property - A critical review of the empirical literature	C. Schmidt
7	Investitionsförderung im Rahmen des Wachstumschancengesetzes – Eine kritische Analyse (nur auf Deutsch möglich)	K. Schmidt
8	Harmonizing Tax Rates and Bases: A Critical Analysis of the Interaction between the EU's BEFIT Proposal and OECD's Global Tax Reform (the student may focus on either OECD's Pillar I or II)	Schulz
9	Overcoming the Debt-Equity Bias - A Critical Analysis of the Prospects of the DEBRA Directive	Spix
10	Tax (il)literacy of retail investors – A critical survey analysis	Weck

11	A critical analysis of the EU Transfer Pricing Directive Proposal	Wickel
12	Reaching out to Developing Countries? – A Critical Analysis of the OECD's Subject-to-Tax Rule under Pillar Two	S. Winter
13	Tax Complexity – An Overview of the Recent Literature and an Application to the Case of Germany	R. Winter
14	How to Counter Global Tax Regressivity – A Critical Review of the Literature	Zental

Topic 1: The effects of bonus depreciation on investment and workers – A critical analysis of the literature

Description:

Accelerated or bonus depreciation policies are commonly employed to stimulate increased investment. The underlying principle of such policies is to enable companies to deduct their investments from their corporate tax obligations sooner, thereby enhancing the appeal of making investments. Beyond the intended impact on investment, bonus depreciation measures can also influence wages and employment dynamics. For instance, bonus depreciation might reduce the demand for workers if investments are directed towards automating labor-intensive tasks. The desirability of these policies ultimately hinges on their intended impact on investment and the ripple effects on employees.

Further readings:

House, C. L., Shapiro, M. D., 2008. Temporary investment tax incentives: Theory with evidence from bonus depreciation. *American Economic Review*, 98(3), 737-768.

Garrett, D. G., Ohrn, E., Suárez Serrato, J. C., 2020. Tax policy and local labor market behavior. *American Economic Review: Insights*, 2(1), 83-100.

Ohrn, E., 2019. The effect of tax incentives on US manufacturing: Evidence from state accelerated depreciation policies. *Journal of Public Economics*, 180, 104084.

Zwick, E., Mahon, J., 2017. Tax policy and heterogeneous investment behavior. *American Economic Review*, 107(1), 217-248.

Topic 2: Making the Case for a Provision of Last Resort – A Systematic Analysis of the Functioning and Applicability of General Anti Avoidance Rules

Description:

Ultimately, the purpose of a General Anti Avoidance Rule (GAAR) is to stamp out unacceptable tax avoidance practices. In the absence of specific anti avoidance rules, GAARs are thus a provision of last resort. Naturally, and deliberately corresponding to its intention, the wording of GAARs appears to be ambiguous; and its application is case specific. Although the ATAD has caused recent additions to some nations tax codes, GAARs have existed on a broad scope in beforehand. The goal of this seminar thesis is to i) describe the functioning and key criteria of GAARs in the German context (§42 AO), ii) provide a systematic analysis of applicability via means of a case study and iii) summarize the findings in a short taxonomy.

Further readings:

Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market, L 193/1, pp. 1-14.

Cowx, M., Kerr, J. N., 2023. The General Anti-Avoidance Rule. Working Paper (SSRN), pp. 1-55.

de la Feria, R., 2021. EU General Anti-(Tax) Avoidance Mechanisms: From GAAP to GAAR. In: *The Dynamics of Taxation* (Oxford: Hart Publishing, 2020), pp. 155-183, Available at SSRN: <https://ssrn.com/abstract=3485784>.

Waerzeggers, C., Hillier, C., 2016. Introducing a General Anti-Avoidance Rule. *Tax Law IMF Technical Note*, pp. 1-12.

Topic 3: The Use of Residence and Citizenship by Investment Programs for Tax Evasion - A Critical Analysis

Description:

Citizenship and Residence by Investment (CBI/RBI) programs have emerged as a practical way for individuals to secure new citizenship or residency through significant financial investment. While these programs are widely recognized for their potential economic benefits, there is growing concern about their potential misuse as a tool for tax evasion. The appeal of these programs lies in their ability to promote international mobility and economic growth, but their unintended consequences raise questions about their role in facilitating practices that undermine fiscal responsibility. Recently, there has been a growing body of literature raising concerns about these schemes and analyzing the ways in which they are exploited for tax evasion.

Further readings:

- Casi, E., Mardan, M., Stage, B. M. B., 2023. Citizenship/Residence by Investment and Digital Nomad Visas: The Golden Era of Individual Tax Evasion and Avoidance? NHH Discussion Paper, No. 1223 (August 2023), available at <https://openaccess.nhh.no/nhh-xmlui/handle/11250/3086543> (22.10.2023)
- Christians, A., 2017. Buying in: Residence and Citizenship by Investment. Saint Louis University Law Journal 62 (1), p. 51-71.
- Langenmayr, D., Zyska, L., 2021. Escaping the exchange of information: Tax evasion via citizenship-by-investment. Journal of Public Economics 221 (2023), p. 1-23.
- Surak, K., Tsuzuki, Y., 2021. Are golden visas a golden opportunity? Assessing the economic origins and outcomes of residency by investment programmes in the EU. Journal of Ethnic and Migration Studies 74 (15), p. 3367-3389.

Topic 4: Controlled Foreign Company rules as instrument to avoid cross-border tax planning - A critical analysis

Description:

Several EU Member States introduced Controlled Foreign Company (CFC) rules as part of the ATAD at the end of 2018. CFC rules aim to prevent multinational companies from shifting profits from high-tax countries to low-tax countries by reallocating profits from a controlled, low-tax subsidiary to its parent company, where they are subject to the high tax rate of the parent company's home country. However, the impact of such rules on corporate behaviour could go beyond reducing profit shifting activities. CFC rules might have undesirable side effects on investment and employment.

Further readings:

- Clifford, S., 2019. Taxing multinationals beyond borders: Financial and locational responses to CFC rules. *Journal of Public Economics* 173, p. 44-71.
- Egger, P. H., Wamser, G., 2015. The impact of controlled foreign company legislation on real investments abroad. A multi-dimensional regression discontinuity design. *Journal of Public Economics* 129, p. 77-91.
- Ruf, M., Weichenrieder, A. J., 2012. The taxation of passive foreign investment: lessons from German experience. *Canadian Journal of Economics* 45 (4), p. 1504-1528.
- Schenkelberg, S., 2020. The Cadbury Schweppes judgment and its implications on profit shifting activities within Europe. *International Tax and Public Finance* 27, p. 1-31.
- Petutschnig, M., Rechbauer, M., Winkelbauer, B., 2021. Führt die Hinzurechnungsbesteuerung der ATAD zu einem Rückgang der Investitionen in Steueroasen? Empirische Evidenz aus Österreich. *Betriebswirtschaftliche Forschung und Praxis* 4, p. 385-411.

Topic 5: Environmental taxes – An overview of implementations in the EU

Description:

Environmental taxes are a type of policy instrument that aims to reduce environmental pollution and encourage sustainable development by pricing the negative externalities associated with certain activities. The European Union (EU) has been at the forefront of implementing environmental taxes as a means of achieving its environmental policy goals. This seminar thesis aims at providing an overview of the various environmental taxes that have been implemented in the EU member states, including energy taxes, carbon taxes, and taxes on pollutants such as nitrogen oxides and sulfur dioxide. The thesis should also discuss the effectiveness of these taxes in achieving their intended environmental objectives and the challenges faced in their implementation. Additionally, the thesis examines the role of the EU in promoting environmental taxes and the prospects for further expansion of their use in the future.

Further readings:

Cansino, J.M., Pablo-Romero, M. del P., Román, R., Yñiguez, R., 2010. Tax incentives to promote green electricity: An overview of EU-27 countries. *Energy Policy* 38, p. 6000-6008.

Delgado, F.J., Freire-González, J., Presno, M.J., 2022. Environmental taxation in the European Union: Are there common trends? *Economic Analysis and Policy* 73, p. 670-682.

Doğan, B., Chu, L.K., Ghosh, S., Truong, H.H.D., Balsalobre-Lorente, D., 2022. How environmental taxes and carbon emissions are related in the G7 economies? *Renewable Energy* 187, p. 645-656.

European Commission, 2022. Environmental tax statistics, available at: <https://ec.europa.eu/eurostat/statistics-explained/SEPDF/cache/5085.pdf> (14.05.2023).

Mastellone, P., 2014a. The Emergence and Enforcement of Green Taxes in the European Union – Part 1. *European Taxation* 54 (11), p. 478-490.

Mastellone, P., 2014b. The Emergence and Enforcement of Green Taxes in the European Union – Part 2. *European Taxation* 54 (12), p. 545-563.

Topic 6: R&D tax incentives and the location of intellectual property - A critical review of the empirical literature

Description:

The location of intellectual property (IP) is a controversial topic when it comes to tax policy. Countries try to attract IP in the hope that the underlying research and development (R&D) activities and tax revenue will follow. A widely used policy tool to attract IP is an R&D tax incentive, which provides a reduced tax rate for income generated by IP or government subsidies for specific R&D activities. Thus, companies exploit the mobility of IP to shift profits from high-tax to low-tax countries. In addition to the strategic placement of patents, R&D tax incentives may also have real effects on companies, employees and the economy, that are investigated in recent empirical literature.

Further readings:

Alstadsæter, A., Barrios, S., Nicodeme, G., Skonieczna, A. M., Vezzani, A., 2018. Patent boxes design, patents location, and local R&D. *Economic Policy* 33 (93), p. 131- 177.

Bradley, S., Robinson, L., Ruf, M., 2021. The impact of IP box regimes on the M&A market. *Journal of Accounting and Economics* 72 (2-3), p. 101448.

Chen, S., De Simone, L., Hanlon, M., Lester, R., 2023. The Effect of Innovation Box Regimes on Investment and Employment Activity. *The Accounting Review* 98 (5), p. 1-28.

Schwab, T., Todtenhaupt, M. 2021. Thinking outside the box: The cross-border effect of tax cuts on R&D. *Journal of Public Economics* 204, p. 1-15.

Topic 7: Investitionsförderung im Rahmen des Wachstumschancengesetzes – Eine kritische Analyse [nur auf Deutsch möglich]

Description:

Mit dem Gesetz zur Stärkung von Wachstumschancen, Investitionen und Innovation sowie Steuervereinfachung und Steuerfairness (Wachstumschancengesetz) möchte die Bundesregierung „die Liquiditätssituation der Unternehmen verbessern und Impulse setzen, damit Unternehmen dauerhaft mehr investieren und mit unternehmerischem Mut Innovationen wagen können“. Das Maßnahmenpaket enthält dabei u.a. eine Erhöhung der Sonderabschreibung nach § 7g EStG, die befristete Wiedereinführung der degressiven Abschreibung, die Ausweitung der Forschungszulage sowie verbesserte Verlustverrechnungsmöglichkeiten. In Absprache mit der Betreuerin sollen ausgewählte Aspekte des Wachstumschancengesetz kritisch beleuchtet und im Hinblick auf die Zielsetzung des Gesetzes evaluiert werden.

Further readings:

Entwurf eines Gesetzes zur Stärkung von Wachstumschancen, Investitionen und Innovation sowie Steuervereinfachung und Steuerfairness (Wachstumschancengesetz) vom 02.10.2023, Deutscher Bundestag Drucksache 20/8628, online verfügbar unter <https://dip.bundestag.de/vorgang/gesetz-zur-st%C3%A4rkung-von-wachstumschancen-investitionen-und-innovation-sowie-steuervereinfachung/303318> (14.11.2023).

Beznoka, M., Hentze, T., Obst, T., 2023. Wachstumschancengesetz: Eine vertane Chance auf mehr Wachstum. IW-Kurzbericht Nr. 83, online verfügbar unter <https://www.iwkoeln.de/studien/martin-beznoska-tobias-hentze-eine-vertane-chance-auf-mehr-wachstum.html> (14.11.2023).

Desens, M., 2023. Steuerliche Standortpolitik durch Stärkung von Wachstumschancen. Steuer und Wirtschaft, S. 329-345.

German Business Panel, 2023. Unternehmenstrends im November 2023, online verfügbar unter: https://backend.gbpanel.org/app/uploads/2023/11/gbp_monitor_2023_11.pdf (14.11.2023).

Wünnemann, M., 2023. Aktuelle Steuerpolitik Entwurf eines Wachstumschancengesetzes. Die Unternehmensbesteuerung, S. 521-524.

Topic 8: Harmonizing Tax Rates and Bases: A Critical Analysis of the Interaction between the EU's BEFIT Proposal and OECD's Global Tax Reform

Description:

In September 2023, the EU published the so-called Business in Europe: Framework for International Taxation (BEFIT) proposal, intensifying long-standing discussions about harmonizing the corporate tax base of large multinational entities (MNEs) within the EU. The proposal coincides with two other significant international developments: (1) the potential adoption of the OECD's Pillar I, aimed at redistributing taxing rights, affecting firms such as Apple or Google, and (2) the implementation of the OECD's global minimum tax of 15% (Pillar II) in the EU by the end of 2023. These initiatives are intended to coexist and significantly change the international tax system for large MNEs. However, there are notable differences between the EU's BEFIT proposal and the OECD's global tax reform (Pillar I and II), such as in the calculation of tax bases or the allocation of taxing rights, potentially resulting in high compliance costs for firms. Consequently, it is questionable whether BEFIT – in its current form – can effectively coexist with OECD's Pillar I and II, or if it requires adjustments to align with the global tax reform.

The student may focus on either OECD's Pillar I or II and could, e.g., compare tax bases between BEFIT and Pillar II, or compare how the tax base is allocated to jurisdictions following BEFIT and Pillar I. The specific focus is flexible and can be agreed upon with the supervisor.

Further readings:

European Commission, 2022. Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union, available at: <http://data.europa.eu/eli/dir/2022/2523/oj> (15.11.2023).

European Commission, 2023. Proposal for a Council Directive on Business in Europe: Framework for Income Taxation (BEFIT), COM(2023) 532 final, available at: https://taxation-customs.ec.europa.eu/taxation-1/corporate-taxation/business-europe-framework-income-taxation-befit_en (15.11.2023).

OECD, 2021. Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy, available at: <https://www.oecd.org/tax/beps/brochure-two-pillar-solution-to-address-the-tax-challenges-arising-from-the-digitalisation-of-the-economy-october-2021.pdf> (21.07.2023).

OECD, 2023. The Multilateral Convention to Implement Amount A of Pillar One – Two-Pillar Solution to Address the Tax Challenges arising from the Digitalisation of the Economy, available at: <https://www.oecd.org/tax/beps/multilateral-convention-to-implement-amount-a-of-pillar-one.pdf> (15.11.2023).

Spengel, C., Klein, D., Müller, J., Pfrang, A., Schulz, I., Winter, S., Gaul, J., Weck, S., Wickel, S., 2023. Die globale Mindeststeuer – Kosten und Nutzen aus deutscher Sicht. Der Betrieb 76 (1-2, Beilage 1), S. 1-14.

Tax Foundation, 2023. BEFIT: One-Stop-Shop or One-More-Stop?, available at: <https://taxfoundation.org/blog/eu-befit-business-in-europe-framework-for-income-taxation/> (15.11.2023).

Topic 9: Overcoming the Debt-Equity Bias - A Critical Analysis of the Prospects of the DEBRA Directive

Description:

Tax systems around the world bias corporate financing decisions towards debt financing by allowing interest payments to be deducted, thereby reducing corporate tax liabilities, while costs associated with equity financing are not deductible. The EU aims to address this issue by implementing the Debt Equity Bias Reduction Allowance Directive (DEBRA), which introduces an interest deduction limitation (IDL) for interest payments on debt and a notional interest deduction (NID) for equity financing costs. As several similar schemes have already been introduced unilaterally (e.g. in Belgium) or by the EU itself (e.g. interest deduction limitation in the ATAD), there are many qualitative and quantitative analyses of the effectiveness and unintended side-effects of NIDs and IDLs. A comparison of the findings in the literature and

the rules proposed in the DEBRA Directive can shed light on its prospects for successfully neutralising the debt-equity bias.

Further readings:

European Commission, 2022. Proposal for a council directive on laying down rules on a debt-equity bias reduction allowance and on limiting the deductibility of interest for corporate income tax purposes, COM(2022) 216 final, available at:

<https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12995-Debt-equity-bias-reduction-allowance-DEBRA-en> (22.10.2022).

Hebous, S., Ruf, M., 2017. Evaluating the effects of ACE systems on multinational debt financing and investment. *Journal of Public Economics* 156, pp. 131-149.

Hebous, S., De Mooij, R., 2018. Curbing corporate debt bias: Do limitations to interest deductibility work?. *Journal of Banking and Finance* 96, pp. 368–378.

Taxation and Customs Union, 2018. Tax Policies in the European Union - 2018 Survey, available at: <https://taxation-customs.ec.europa.eu/system/files/2020-05/2018-tax-survey-report.pdf> (22.10.2022).

Topic 10: Tax (il)literacy of retail investors – A critical survey analysis

Description:

In light of several high-profile tax scandals, including the Panama Papers and most recently the Pandora Papers, there has been a growing public outcry over aggressive tax avoidance practices by both companies and wealthy individuals. In response, policymakers have implemented a range of transparency measures aimed at holding those responsible publicly accountable. Some of the latest measures and proposals include the introduction of public country-by-country reporting and the disclosure of corporate tax rates. Also in the context of sustainability reporting, companies are increasingly disclosing information on their tax strategies, practices and outcomes. However, for these measures to be effective, it is essential that consumers and investors can understand and interpret the corresponding information. The purpose of this thesis is to conduct an empirical survey investigation into the tax literacy of retail investors.

Further readings:

Asay H. S., Hoopes, J. L., Thornock, J. R., Wilde, J. H., 2023 (forthcoming in *The Accounting Review*). Tax boycotts. Working Paper Version available at SSRN: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3815192

Demere, P., 2023. Is tax return information useful to equity investors? *Review of Accounting Studies* 28.

Dierynck, B., Jacob, M., Müller, M. A., Peters, C. P. H., van Pelt, V., 2022. Public Tax Disclosures and Investor Perceptions. TRR 266 Accounting for Transparency Working Paper Series No. 94, Available at SSRN: <https://ssrn.com/abstract=4173175>

Kopetzki, L. C., Spengel, C., Weck, S., 2023. Moving Forward with Tax Sustainability Reporting in the EU – A Quantitative Descriptive Analysis. *World Tax Journal* 15(2). Available at: https://research.ibfd.org/#/doc?url=/collections/wtj/html/wtj_2023_02_int_6.html

Topic 11: A critical analysis of the EU Transfer Pricing Directive Proposal

Description:

As part of the so-called “Business in Europe: Framework for Income Taxation (BEFIT)” package, the European Commission recently presented a proposal for a directive on transfer pricing. Transfer pricing refers to the setting of prices for intracompany trade of goods and services. While transfer pricing rules have been implemented in many countries in the last decades, the specific design and enforcement of the regulations differs. With the Transfer Pricing Directive Proposal, the European Commission aims to harmonize the regulations across EU member states. Several questions arise from the publication of this proposal: What specific rules are proposed? How do they interact with other current initiatives such as the OECD two-pillar project and the introduction of a common corporate tax base? Can the proposal solve existing problems in transfer pricing regulation, e.g. double taxation? These and further questions might be addressed in the seminar paper.

Further readings:

-
- European Commission, 2023. Proposal for a council directive on transfer pricing, COM(2023) 529 final, available at https://taxation-customs.ec.europa.eu/system/files/2023-09/COM_2023_529_1_EN_ACT_part1_v7.pdf (15.11.2023).
- Beer, S., Loeprick, J., 2015. Profit shifting: drivers of transfer (mis)pricing and the potential of countermeasures. *International Tax and Public Finance* 22 (3), 426-451.
- Götz, A., Waldkirch, R., 2023. Verrechnungspreise im Kontext von BEPS Pillar Two – Betragsmäßige und fremdvergleichskonforme Anpassungen im Entwurf des deutschen Mindeststeuergesetzes, *IStR*, 529-538.
- Klassen, K.J., Lisowsky, P., Mescall, D., 2017. Transfer Pricing: Strategies, Practices, and Tax Minimization. *Contemporary Accounting Research* 34 (1), 455-493.
- OECD, 2022. OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations, available at <https://doi.org/10.1787/0e655865-en> (15.11.2023).

Topic 12: Reaching out to Developing Countries? – A Critical Analysis of the OECD's Subject to-Tax Rule under Pillar Two

Description:

The international tax system is undergoing fundamental changes with the OECD's two-pillar reform. At the core of Pillar Two is the introduction of a global minimum tax for large multinational enterprises at a 15% level. The subject-to-tax rule (STTR) is another integral, yet less prominent, part of Pillar Two. The STTR is a treaty-based rule that applies to intragroup payments, such as interest and royalties, and provides the source country additional taxing rights if the income is subject to a tax rate lower than 9% in the residence country. The rule is intended to foster source taxation and help developing countries, which are usually more reliant on source taxation than developed countries. As an organisation dominated by rich countries, the OECD may use the STTR to signal support for developing countries' interests and needs.

Further readings:

Brooks & Krever, 2015. The Troubling Role of Tax Treaties. In: Geerten M. M. Michiels & Thuronyi, V. (eds.). Tax Design Issues Worldwide, Series on International Taxation, Volume 51. Alphen aan den Rijn: Kluwer Law International, Amsterdam, p. 159-178, available at: https://papers.ssrn.com/abstract_id=2639064.

OECD, 2023. Tax Challenges Arising from the Digitalisation of the Economy – Subject to Tax Rule (Pillar Two): Inclusive Framework on BEPS, OECD/G20 Base Erosion and Profit Shifting Project, available at: <https://doi.org/10.1787/9afd6856-en> (08.11.2023).

Pesiri, S., 2023. Pillar Two: Status Quo, Subject-to-Tax Rule and the Impact on Third-Party Investment in MNEs. European Taxation 63(11), available at: https://research.ibfd.org/#/doc?url=/collections/et/html/et_2023_11_e2_1.html.

Wardell-Burrus, H. 2022. Pillar Two and Developing Countries: The STTR and GloBE Implementation, Oxford University Centre for Business Taxation Working Paper 22/13, available at: https://papers.ssrn.com/abstract_id=4221115

Topic 13: Tax Complexity – An Overview of the Recent Literature and an Application to the Case of Germany

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, multiple questions in the empirical literature arise from this development: how can we adequately measure tax complexity? Which factors drive tax complexity? What is the effect of complexity on individuals, corporations and administrations?

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 14: How to Counter Global Tax Regressivity – A Critical Review of the Literature

Description:

Tax progressivity, a direct consequence of the ability principle, is known to not take place when considering very wealthy individuals. This aggravates the effective inequality in wealth and income. Moreover, it poses the risk of a political delegitimization of the current system of taxation. Approaches to counter global tax regressivity exist, for instance through extended exit taxation, global wealth taxation and a higher level of enforcement and transparency. However, these proposals face political and conceptual challenges in their implementation.

Against this background, it is of interest to critically review these ongoing developments with respect to their coherence and feasibility with the existing tax system.

Further readings:

Baselgia, E., Martínez, I. Z., 2023. Tracking and Taxing the Super-Rich: Insights from Swiss Rich Lists. CESifo Working Paper No. 9778, Available at SSRN: <https://ssrn.com/abstract=4135944>.

EU Tax Observatory, 2024. Global Tax Evasion Report – Chapter 4: Tax Deficits of High-Net-Worth-Individuals. Working Paper, Available at https://www.taxobservatory.eu/website/uploads/2023/10/global_tax_evasion_report_24.pdf.

Garbinti, B., Goupille-Lebret, J., Muñoz, M., Stantcheva, S., Zucman, G., 2023. Tax Design, Information, and Elasticities: Evidence from the French Wealth Tax. NBER Working Paper No. w31333, Available at SSRN: <https://ssrn.com/abstract=4475931>.

Londoño-Vélez, J., Tortarolo, D., 2022. Revealing 21 per cent of GDP in hidden assets: Evidence from Argentina's tax amnesties. WIDER Working Paper Series wp-2022-103, World Institute for Development Economic Research (UNU-WIDER).

Peeters, S., 2017. Exit Taxation: From an Internal Market Barrier to a Tax Avoidance Prevention Tool. EC Tax Review, Volume 2017/3.