



Saïd Business School  
UNIVERSITY OF OXFORD

# OXFORD UNIVERSITY CENTRE FOR BUSINESS TAXATION ANNUAL REPORT 2010/11

**E · S · R · C**  
ECONOMIC  
& SOCIAL  
RESEARCH  
COUNCIL



OXFORD UNIVERSITY  
**CENTRE FOR  
BUSINESS TAXATION**

# OXFORD UNIVERSITY CENTRE FOR BUSINESS TAXATION

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The Oxford University Centre for Business Taxation is an independent research centre which aims to promote effective policies for the taxation of business.

The Centre undertakes and publishes multidisciplinary research into the aims, practice and consequences of taxes which affect business. Although it engages in debate on specific policy issues, the main focus of the Centre's research is on long-term, fundamental issues in business taxation. Its findings are based on rigorous analysis, detailed empirical evidence and in-depth institutional knowledge.

The Centre provides analysis independent of government, political party or any other vested interest. The Centre has no corporate views: publications of the Centre are the responsibility of named authors. The Centre is not a consultancy: it reserves the right to publish the results of its research.

The Centre's research programme is determined on the basis of academic merit and policy relevance, and is the responsibility of the Director and the Centre's Steering Committee. Decisions on the research programme and the content of research are taken independently of the views of the Centre's donors and other funding agencies. All research carried out at the Centre is undertaken with a view to publication.

The Centre complies with the University's policy on conflict of interest.

**If you would like to receive our e-newsletter and information about our events please email [cbt@sbs.ox.ac.uk](mailto:cbt@sbs.ox.ac.uk). You can also follow us on Twitter @oxfordtax.**

Front cover photograph:  
Courtesy of Dr Vibhor Gupta, MBA Class 2010/11

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# INTRODUCTION

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This report summarises the activities of the Centre for Business Taxation between August 2010 and July 2011. There has been significant activity in business taxation during this period, in which the Centre has been closely involved.

In the UK, there have been increasingly vocal protests against the perceived tax avoidance strategies of large multinational businesses. Among other things, protestors have demanded greater disclosure of the tax paid by companies in different countries. This was the subject of a Centre report in collaboration with the OECD. I chaired a group which included representatives of business and NGOs, as well as the OECD. Our report was presented to the OECD's Task Force on Tax and Development in April 2011.

On the UK policy front, the coalition government has stuck to its deficit-reducing strategy while announcing further cuts to corporation tax in an attempt to meet its target of creating 'the most competitive corporate tax regime in the G20'. The Centre produced the first systematic ranking of corporate taxes across the G20 to monitor progress. The UK has a long way to go to meet the target, even after the rate reductions have been implemented. A weak link is that capital allowances are less generous than elsewhere and are still falling: for example, during this year capital allowances on industrial buildings were finally abolished. Another Centre report analysed the deficit reduction and identified the likelihood that the pace of the reduction could tip the UK back into recession.

We have also analysed other reforms and proposed reforms in the UK. These include continuing work on the government's various proposals for reform in its 'Corporate Tax Roadmap', including proposals for CFC reform and the patent box. A Centre conference in March addressed many of these proposals. We also provided an assessment of the new Bank Levy, which investigated its likely effect, if any, on bank risk.

The Centre has been involved in the UK government's formal reviews of the tax system. Professor Judith Freedman has been a member of a group invited to consider the case for a 'General Anti-Avoidance Rule', and has also worked with the new Office of Tax Simplification on the taxation of small business. I have been a member of the Business Forum on Tax and Competitiveness, chaired by the Exchequer Secretary.

We have also been active elsewhere in Europe. Professor Clemens Fuest has advised the German government on strategies to deal with the Eurozone crisis and Dr Rita de la Feria has been appointed VAT policy advisor to the Portuguese government. During the year, the European Commission finally published its proposals for the Common Consolidated Corporate Tax Base. This has been the subject of much research in the Centre. In particular, the Centre was asked by the European Commission to prepare an impact assessment of the likely effects of this reform, and this was finally published in March 2011 with the Commission's proposals. The policy work of the Centre has received a lot of attention in the national and international media.

At the same time as engaging with these developments, the Centre continued with its more fundamental research in the area of business taxation. The Centre's output in this year has included more than 20 published academic papers, 22 academic working papers, and a number of less technical reports and policy articles. In one research project we undertook a pilot study using confidential corporation tax return data made available in the new HMRC Datalab. In addition, we have organised and hosted 5 major conferences. As ever, an important feature of our conferences is that they bring together senior policy makers from government with leading commentators from business and academia to debate and discuss key policy issues. David Gauke, the Exchequer Secretary, spoke at our annual summer conference in Oxford in July 2011.

We continue to be grateful to a number of members of the Hundred Group for their generous financial support, and also to the Economic and Social Research Council for its grant funding. As in previous years, I have relied heavily on the support of Clemens Fuest and Judith Freedman, as well as the Centre's four programme directors, professors of economics from the Universities of Oxford, Warwick and St Andrews, and a network of International Research Fellows from around the world.

Michael P Devereux  
Director

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# NEWS



Dr Tim Schmidt-Eisenlohr



Dr Rita de la Feria

- The Centre has published four major policy reports:
  - An assessment of the competitiveness of the UK corporation tax, relative to other G20 countries.
  - An impact assessment of the CCCTB, on behalf of the European Commission.
  - A joint project with the OECD on transparency in financial reporting by multinational companies.
  - An analysis of corporation tax assessments for all UK companies, based on confidential data made available by HMRC.
- The Centre has hosted a number of policy and academic conferences, with participants from national and international governments, business, professional firms, NGOs and academia. Topics included the UK government's Corporate Tax Roadmap, discretion of revenue authorities, concerns surrounding lack of transparency and perceived tax avoidance by corporations, and the role and responsibility of the different players: government, corporations, non-governmental organisations and others. The Exchequer Secretary, David Gauke MP, again spoke at the Centre's summer conference. Other speakers included senior figures from HM Treasury, HMRC, business and academia.
- Judith Freedman, the Centre's Director of Legal Research, was appointed to HM Treasury's Avoidance Study Group, which is investigating the case for a General Anti-Avoidance Rule (GAAR) in the UK and will report to the Exchequer Secretary in October 2011. The group is chaired by Graham Aaronson QC and is part of the Government's commitment to tackling tax avoidance and building sustainable defences to address long-standing avoidance risks. She is also a member of the Small Business Review Consultative Committee of the Office of Tax Simplification. She was invited to give evidence on the tax gap to the House of Commons Treasury Sub-Committee in June 2011.
- Michael Devereux, the Centre's Director, was elected President of the International Institute of Public Finance (IIPF), for a three-year term beginning in 2012. The IIPF is the pre-eminent academic institution for study and research on economic public policy, and has 800 members from fifty countries.
- Rita de la Feria, a senior research fellow of the Centre, has been appointed Adviser to the Portuguese Government on VAT Policy. She will be working with the government to ensure that the forthcoming VAT reforms are both in line with what has been agreed under the terms of the IMF/ECB/EC May 2011 bail-out agreement, and also with best international practice in this area.
- Clemens Fuest, Research Director of the Centre, was invited to testify before the Budget Commission of the German Federal Parliament on plans to extend the European Financial Stabilisation Facility (EFSF).
- Tim Schmidt-Eisenlohr, a research fellow of the Centre, won the 2011 Klaus Liebscher Award for his paper 'Bank Bailouts, International Linkages and Cooperation', co-authored with Freideike Niepmann. This award is offered by the Austrian Central Bank each year for two outstanding scientific papers on Economic and Monetary Union and European integration issues written by young economists from EU Member States.
- Kevin S Markle, from Dartmouth College, USA, won the 2011 Centre for Business Taxation prize for the best research paper by a young scholar presented at the Centre's annual academic symposium. He was awarded the prize for his paper 'A Comparison of the Tax-motivated Income Shifting of Multinationals in Territorial and Worldwide Countries'.

# RESEARCH

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The Centre has a multi and inter-disciplinary research programme, drawing particularly on economics, business and management studies and socio-legal studies. The main focus of research activities addresses three basic questions:

- What are the effects of taxes on business behaviour?
- What are the effects of business behaviour on society and the economy?
- How do, and should, governments design and administer business taxes?

Each of these broad research programmes contains a large number of individual projects. We also undertake research on a number of other related issues.

Our research aims to make an original and substantial contribution to the understanding of these questions. The research uses a variety of techniques, both theoretical and empirical.

Some highlights of the research programme are reported here, but more information can be found at [www.sbs.ox.ac.uk/centres/tax/research](http://www.sbs.ox.ac.uk/centres/tax/research).

# RESEARCH HIGHLIGHTS



Professor Stephen Bond

## G20 CORPORATE TAX RANKING 2011

The UK government has stated that it aims to 'create the most competitive corporate tax regime in the G20'. This report assesses the current competitiveness of the UK corporate tax system relative to other G20 countries. Our key findings for 2011 are that the UK has an effective average tax rate (EATR) of just over 26 percent, which ranks the UK 9th out of the 19 independent G20 countries (excluding the European Union), and the UK has an effective marginal tax rate (EMTR) of just under 23 percent, which ranks the UK 15th out of the 19 countries. The weaker position of the EMTR is due to the fact that, although the UK tax rate is relatively low by international standards (in 7th position), the UK is the least generous G20 country with respect to allowances for capital investment. Recent tax reforms that have reduced allowances have tended to raise the EMTR, despite corresponding cuts in the tax rate. The tax reforms proposed by the government to take place between 2011 and 2014 will improve the competitiveness of the UK tax system, if the other countries do not change their tax systems. In this case, the UK would rise to 5th in the EATR ranking, and 14th in the EMTR ranking.

**Contact: Katarzyna Bilicka, Michael Devereux and Clemens Fuest**

## CORPORATION TAX IN THE UNITED KINGDOM

This research considers new information on the anatomy of UK corporation tax liabilities. It uses two complementary company-level data sources: anonymised corporation tax data provided for the first time on a confidential basis by HMRC, and financial accounting data from the FAME database. Each data source has advantages and disadvantages, but by combining them the report provides a detailed description of the distribution of corporation tax in the United Kingdom. Among the findings of the report are: 81% of all UK corporation tax is paid by the largest 1% of companies and over the last 10 years, multinational companies have paid 86% of all corporation tax; but within industrial sectors, the largest 100 companies generally pay less tax than other companies as a percentage of their earnings before interest and tax; and the 2010 corporation tax reforms reduced tax for 64% of companies but increased tax for 9% of companies.

**Contact: Michael Devereux**

## CORPORATE TAXATION AND CAPITAL ACCUMULATION

This research project studies the impact of corporate taxation on investment and capital accumulation. This relationship is central to any evaluation of the effects, and welfare implications, of fiscal incentives that are intended to stimulate private sector investment, such as enhanced capital allowances (accelerated depreciation), an Allowance for Corporate Equity, or a reduction in the statutory corporate income tax rate. We use sectoral data for the USA, Japan, Australia and ten EU countries over the period 1982-2007, which combines data on capital stocks, value-added and relative prices with measures of effective corporate tax rates. Our main findings suggest large effects of tax incentives on long-run capital accumulation. We find broadly similar effects when we decompose the variation in the cost of capital into its tax and non-tax components, so that these results are not simply driven by trends in the relative price of capital goods.

**Contact: Stephen Bond**

# RESEARCH HIGHLIGHTS continued...

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## EARNINGS SHOCKS AND TAX-MOTIVATED INCOME-SHIFTING: EVIDENCE FROM EUROPEAN MULTATIONALS

Differences in corporate tax rates across countries create opportunities for tax arbitrage by multinational companies. But identifying the existence and magnitude of such tax-motivated profit shifting is fraught with difficulty. Most studies rely on measuring the effect of variation in corporate tax rates on the profitability of affiliates. This research instead exploits shocks to earnings in the parent firm and analyses how these shocks propagate across the affiliates of a multinational group. Specifically, it assesses the shifting of exogenous earnings shocks to low-tax subsidiaries, relative to high-tax subsidiaries. The study exploits a large European micro-dataset which provides detailed accounting and ownership information on 1.6 million firms. The results show strong support for the profit shifting hypothesis. While the effect of earnings shocks at the parent firm on the income of high-tax affiliates is indistinguishable from zero, we find a significantly positive impact on the income of low-tax affiliates. Quantitatively, the estimates suggest that at the margin around 2% of additional parent earnings are shifted to low-tax subsidiaries.

**Contact: Nadine Riedel**

## THE ECONOMIC EFFECTS OF EU REFORMS IN CORPORATE INCOME TAX SYSTEMS

This report was commissioned by the European Commission as part of its Impact Assessment of the proposal for a Common Consolidated Corporate Tax Base (CCCTB) in the European Union. It uses an applied model developed for the purpose that analyses the economies of all 27 EU member states; it models corporate taxes in detail to assess the impact of reform on investment flows, employment, GDP and economic welfare. The research finds that there would be considerable variation in the economic effects of the new tax system on EU countries. The precise estimates depend on the definition of the proposed tax system, but in a typical case, UK GDP would fall slightly, by around 0.05 percent. For other countries the effects on GDP would vary from a rise of 2 percent in Belgium, to a fall of 3 percent in Ireland. Overall, GDP in the EU would also fall slightly, by around 0.15 percent. Capital expenditure would fall a little, by 0.74 percent, but there would be virtually no net effect on employment or wages in the EU.

**Contact: Michael Devereux**

## HOW SHOULD FOREIGN PROFITS BE TAXED?

This research reviews the recent debate on the taxation of foreign source income of multinational firms. For a long time the optimality of the tax credit system, referred to as the 'old view', was widely accepted, and served as an important benchmark in the policy debate. Recently, however, a 'new view' has emerged, which argues that rules for taxing foreign profits might be in need of reform. However, the direction of reform is controversial. Some authors view exemption as the best option on the grounds that domestic and outbound investment are not substitutes. Others argue for exemption on the grounds that, if corporation tax is a tax on domestic economic activity, justified as firms benefit from public services, then corporate income earned abroad should not be taxed domestically. A third, more pragmatic view, places less emphasis on the impact of taxation on the international capital allocation and focuses on the implications of taxes on foreign profits for administration and compliance costs.

**Contact: Clemens Fuest**



Professor Nadine Riedel



Dr Li Liu



Professor Judith Freedman

## WHERE SHOULD PROFIT BE TAXED?

The international corporation tax system has developed in a way which has resulted in the primary place of taxation being where capital, or economic activity, is located. Although this is the international norm, its theoretical rationale is weak. As a proxy for personal income tax, corporation tax should be levied where the shareholder resides. But existing taxes do not follow this pattern, with the result that economic activity and profits are diverted between countries for tax reasons. This research project makes a theoretical contribution to analysing the most efficient location for taxing profit. It considers taxation at residence, source and destination (like VAT). It shows that a destination-based corporation tax can be neutral with respect to investment and location decisions. It also shows that an individual country could benefit from switching to a destination-based tax even if no other countries did so.

**Contact: Michael Devereux**

## TRANSPARENCY IN REPORTING FINANCIAL DATA BY MULTINATIONAL CORPORATIONS

This research was commissioned by the OECD's Informal Task Force on Tax and Development Task Force. It is the report of a group, chaired by Michael Devereux, that included representatives of the OECD, business, NGOs and academia. The OECD identified the issue of transparency in financial reporting as being potentially important in helping development efforts in lower income economies, on the grounds that greater transparency could provide necessary information for holding both governments and multinational enterprises more accountable regarding tax revenues and payments.

The report critically examines the case for greater transparency. It addresses the fundamental questions about the objectives of greater transparency, how it can be better achieved at least cost, and to what extent it could achieve its objectives. This report reflects a broad consensus amongst the group regarding the issues involving transparency of reporting by multinational companies. It identifies and clarifies the issues, without making recommendations.

**Contact: Michael Devereux and Judith Freedman**

## HMRC'S MANAGEMENT OF THE UK TAX SYSTEM: THE BOUNDARIES OF LEGITIMATE DISCRETION

To operate efficiently and effectively revenue authorities require discretion, but processes must be in place to keep discretion in check. This delicate balancing act takes place against the background of a more general constitutional framework. This research begins by outlining the unique features of the UK constitution that form the background to the way in which the discretion of the UK revenue authorities (HMRC) is assessed and controlled. It then discusses a limited, yet crucial, set of discretions vested in HMRC. The research focuses particularly on the use of non-statutory guidance. It discusses the operation of judicial review, and in particular, the doctrine of legitimate expectations, in the context of such guidance. It then presents two case studies, which reveal a distinct uncertainty over the limits of non-statutory guidance. This is currently of considerable concern to the UK tax community. As the role of guidance appears to be increasing in the UK system, the case for addressing some of these causes of uncertainty strengthens. The research offers some preliminary suggestions on how the problems may be addressed.

**Contact: Judith Freedman and John Vella**

# RESEARCH HIGHLIGHTS continued...

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## CLOSER TO AN INTERNAL MARKET? THE ECONOMIC EFFECTS OF EU TAX JURISPRUDENCE

This research assesses the impact of Court of Justice of the European Union (CJEU) jurisprudence on the Internal Market, by considering whether the jurisprudence of the Court on corporate taxation fulfils the constitutional mandate of establishing such a market, as set out in the European Treaties. The Court's focus upon removing discriminatory obstacles to the fundamental freedoms does not necessarily lead to a more level playing field and increased tax neutrality. Economic analysis shows that tax induced differences in capital costs faced by firms operating within the European Internal Market may increase, whilst GDP and welfare may decrease. Consideration of actual legislative amendments introduced to thin capitalisation rules by member states following Lankhorst-Hohorst, and to group consolidation rules following Marks & Spencer, suggests that this negative effect has actually happened. The research considers the constitutional implications of this conclusion. It concludes that the Court's lack of consideration of the constitutional instrumental chain may mean that we are heading in the wrong direction.

**Contact: Rita de la Feria and Clemens Fuest**

## THE DEVELOPMENT OF AN EU PRINCIPLE OF PROHIBITION OF ABUSE OF LAW

In February 2006 the Court of Justice of the European Union (CJEU) delivered its ruling in Halifax, a case concerning the interpretation of EU secondary legislation on VAT. The judgment represented the culmination of a long process, with the Court referring for the first time to the 'principle of prohibiting abusive practices'. Yet, Halifax also represented the beginning of a new process: the discussion over the significance of the newly designated 'principle of prohibition of abuse of law'. Fundamental questions immediately arose and were the subject of intensive debate such as: the scope of application of the principle; how would the abuse test be applied; and, the nature and implications of this 'principle' - interpretative, general, or neither. This research reviews and considers the ongoing debate over the development of an EU principle of prohibition of abuse of law. It reflects on the role of the principle within the field of free movement of persons, in the context of the literature on convergences and divergences between the fundamental freedoms. It then proposes the notion of reverberation as a new conceptual framework for the analysis of the development of general principles of EU law.

**Contact: Rita de la Feria**

## CAN THE UK FISCAL CONSOLIDATION BE EXPANSIONARY?

This research project reviews the economic literature which has investigated empirically the conditions under which a fiscal contraction, of the kind currently in process in the UK, may be expansionary. Five factors are identified as being likely to be of significance: the size of the consolidation; the composition of the consolidation between spending cuts and tax increases; the initial level of public debt; whether interest rates are at a lower bound; and whether there is a devaluation of the exchange rate. Of these, there is more empirical support for the importance of the first two. Both of these factors are positive for the UK. Of the others, only the low interest rates points in the opposite direction. However, this optimistic position should be treated with caution for two reasons. First, there are number of weaknesses in the empirical literature. Second, the favourable probability of the consolidation being expansionary is only relative to other consolidations. Despite the relatively good position of the UK, there must still be considerable doubt as to the eventual outcome.

**Contact: Katarzyna Bilicka, Michael Devereux and Clemens Fuest**

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## **AUTOMATIC STABILISERS AND ECONOMIC CRISIS: US VERSUS EUROPE**

This paper analyses the effectiveness of the tax and transfer systems in the EU and the US to provide income insurance through automatic stabilisation in the recent economic crisis. We find that automatic stabilisers absorb 38 per cent of a proportional income shock in the EU, compared to 32 per cent in the US. In the case of an unemployment shock, 47 per cent of the shock is absorbed in the EU, compared to 34 per cent in the US. This cushioning of disposable income leads to a demand stabilisation of up to 30 per cent in the EU and up to 20 per cent in the US. There is large heterogeneity within the EU. Automatic stabilisers in eastern and southern Europe are much lower than in central and northern European countries. We also investigate whether countries with weak automatic stabilisers have enacted larger fiscal stimulus programs.

**Contact: Clemens Fuest**

## **BANK BAILOUTS, INTERNATIONAL LINKAGES AND COOPERATION**

Banking crises are a frequent phenomenon and their fiscal burden can be substantial. Due to deepened international financial linkages, crises can spread rapidly from one country's financial sector to another. At the same time, with increased cross-border banking, domestic (non-bank) creditors are more often directly affected when a foreign bank gets into distress. Banking crises have therefore become a more international issue. This research formally studies problems that arise when banks operate across borders while government intervention is still limited by national borders. How should governments deal with banks in distress when their potential bankruptcy concerns depositors from different countries and international balance sheet connections can lead to cross-border contagion? The optimal bailout decision requires striking the right balance between distortions to the real economy from taxation, the losses that arise when banks are forced to sell long-run projects below their value and limiting income inequality within and between countries.

When governments do not cooperate with each other, there are non-optimal outcomes. This research contributes to the debate on the advantages and disadvantages of different cooperation regimes.

**Contact: Tim Schmidt-Eisenlohr**

## **WILL THE BANK LEVY MEET ITS OBJECTIVES?**

This research analyses the new Bank Levy introduced in UK Finance Bill 2011. The Levy appears to have two clear objectives, and the research indicates that neither is likely to be fully met. The first is that banks should make a 'full and fair contribution in respect of the potential risks they pose on the wider economy'. This suggests that the levy should fall more heavily on banks that are larger, more fragile, and more systemically connected to the rest of the financial sector. The levy is related to fragility, but makes no adjustment for the risk of the bank's assets. The second objective is to encourage less risky funding and to complement the wider agenda to improve regulatory standards and enhance financial stability. While the levy may induce a higher capital-asset ratio, it may also induce banks to increase the average risk of their assets. This may result in a lower probability of default, but the reverse may also happen.

**Contact: Michael Devereux**



5th Annual Symposium, July 2011

# CONFERENCES

## **THE DELICATE BALANCE: REVENUE AUTHORITY DISCRETIONS AND THE RULE OF LAW**

**Monash Prato Centre, Italy**

Joint conference with Monash University and University of New South Wales  
September 2010

Many scholars have concluded that the complexity of modern economies and the flexibility of commercial arrangements are inherently incompatible with “simple” tax systems - tax laws become complex in response to the world to which they apply. One technique increasingly used by governments to mitigate the growth of tax law is delegation of decision-making to tax administrations. In effect, legislative amendment is replaced by grants of administrative discretion. The extent to which discretions are exercised in a consistent or transparent process varies from jurisdiction to jurisdiction, as do views on the extent to which the growing

use of discretions is incompatible with fundamental principles of the rule of law. The conference explored the tension between discretions and the rule of law across a range of jurisdictions representing a cross-section of the world’s economies.

Speakers included: Kim Brooks (McGill University); Wei Cui (China University of Political Science and Law); Chris Evans (University of New South Wales); Judith Freedman (Oxford University); Christophe Grandcolas (formerly French Tax Administration (DGI)); Marco Gregg (University of Ferrara); Shelley Griffiths (University of Otago); Andrew Halkyard (University of Hong Kong); Richard Happe (University of Tilburg); Ernest Mazansky (Werksmans); Michael Walpole (ATAx, University of New South Wales).

## **CORPORATE TAX REFORM: DELIVERING A MORE COMPETITIVE SYSTEM?**

**Royal Society of Chemistry, London**  
March 2011

The coalition government aims to create the most competitive corporate tax system in the G20. To this end, it announced a phased reduction in corporation tax rates in the June 2010 Budget. In November 2010, HM Treasury and HMRC published the Corporate Tax Roadmap, setting out how the government intends to approach reform of the corporate tax system over the next five years. Key questions surround both the broad approach to the taxation of UK profit, and specific issues about the tax base, especially from an international perspective: how should the income from monetary assets in CFCs be taxed; how should the income from intellectual property be taxed; and how should foreign branches be taxed?

The conference, at the Royal Society of Chemistry, brought together leading speakers from government, business and academia to debate these issues, and to take part in a wide-ranging discussion. Speakers from business were: Chris Sanger (Ernst & Young LLP); David Smith (International Power plc); Ian Brimicombe (AstraZeneca plc); and Rob Clayton (RSA Insurance Group plc). Other speakers included Michael Devereux, and Mike Williams (HM Treasury), who presented the Government's view on corporate tax reform.

## PUBLIC ECONOMICS

### Oxford

Joint conference with Public Economics UK (PEUK)  
May 2011

Public Economics UK is the leading forum for UK-based academic economists and policy makers interested in the broad area of applied theoretical and empirical analysis of public policy to meet and to exchange ideas. The Centre hosted this 2-day conference jointly with PEUK. The conference brought together academic and government economists for presentations of recent research in public economics, and to exchange ideas more generally. Discussion at the conference covered a diverse range of topics including: import tariffs, capital gains taxes, health care reform, corporation, capital and financial taxes, education policy, labour supply, fiscal consolidation and political economy. Speakers included Michael Devereux and Clemens Fuest, and a number of other academic and government economists.

## ANNUAL SYMPOSIUM 2011

### Saïd Business School, Oxford

July 2011

The Centre hosted its fifth annual academic symposium in July 2011. As in previous years, it attracted the world's leading academics in business taxation for a 3 day conference to discuss the most recent academic research in business taxation. Around 70 academics attended, with expertise in economics, law and accounting. Papers covered a wide variety of the Centre's interests. For example, amongst the presentations were papers by: Dan Shapiro (New York University) on 'The rising tax-electivity of US corporate residence'; Ed Kleinbard (San Diego) on 'Stateless income'; Doug Shackelford (North Carolina) on 'Does financial constraint affect shareholder taxes and the cost of equity capital?'; Dhammika Dharmapala (Illinois) on 'An alternative transfer pricing norm'; George Zodrow (Rice University) on 'The dynamic economic effects of a US corporate income tax rate reduction'; Harry Huizinga (Tilburg) on 'The impact of capital gains taxes on buyers and sellers: evidence from cross-border M&As'; and Jennifer Blouin (Wharton) on 'Coordination of transfer prices on intra-firm trade'. A novelty this year was the young scholars' session, where five selected papers written by researchers who have gained their PhD within the last three years were presented. A prize for the best young scholars' paper was awarded to Kevin Markle, of Dartmouth College, USA for his paper 'A comparison of the tax motivated income shifting of multinationals in territorial and worldwide countries'.



Tim Besley, LSE speaking at the Centre's joint conference with Public Economics UK, Oxford, May 2011



Rob Clayton, RSA Insurance Group plc; Chris Sanger, Ernst & Young LLP and Michael Devereux speaking at the Centre's 'Corporate Tax Reform' conference, Royal Society of Chemistry, March 2011



David Smith, International Power plc speaking at the Centre's 'Corporate Tax Reform' conference, Royal Society of Chemistry, March 2011



Chris Lenon, Rio Tinto speaking at the Centre's 'Taxing Corporations' summer conference, Oxford 2011

# CONFERENCES

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## SUMMER CONFERENCE 2011: TAXING CORPORATIONS: COMPETITIVENESS, TRANSPARENCY AND RESPONSIBILITY

Saïd Business School, Oxford  
July 2011

This conference brought together leading figures from government, business, NGOs and academia to discuss a range of critical issues in business taxation. Taxing corporate profit is becoming increasingly difficult, as policy is pushed in two different directions. Governments worldwide, including in the UK, are reducing corporation tax rates to encourage new investment and greater competitiveness. At the same time, the economic crisis has resulted in a need to raise revenue, a pressure that adds to concerns that some large corporations are engaging in avoidance strategies that unfairly reduce the amount of tax they pay. Governments and revenue authorities around the world are using a variety of policy options to try to combat real and perceived tax avoidance, and they are also investigating other possible techniques and forms of regulation. The new UK CFC proposals are an example of the outcome of this tension.

The UK Government has stated that it aims to have the most competitive corporation tax in the G20. David Gauke, Exchequer Secretary, discussed the UK Government's business tax policies. Other speakers explored the tensions between the need for systems which encourage wealth creation and growth and the concerns surrounding lack of transparency and perceived tax avoidance by corporations. They discussed the relationship between tax and shareholder value, the best way to achieve useful transparency in financial reporting relating to taxation, and the role and responsibility of the different players in this complex interplay: government, corporations, non-governmental organisations and others.

### Other speakers were:

#### Business:

John Bartlett (BP),  
John Connors (Vodafone),  
Chris Lenon (Rio Tinto),  
Paul Morton (Reed Elsevier).

#### Academic:

Jennifer Blouin (Wharton),  
John Hasseldine (Nottingham),  
Geoffrey Loomer (Dalhousie)

#### Government:

Melanie Dawes (HMRC)

#### Non-government:

Martin Hearson (Action Aid)

#### Centre for Business Taxation:

Michael Devereux,  
Judith Freedman,  
Clemens Fuest.



Mike Williams, HM Treasury and Ian Brimicombe, AstraZeneca plc speaking at the Centre's 'Corporate Tax Reform' conference, Royal Society of Chemistry, March 2011

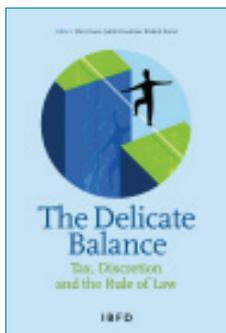


David Gauke MP, Exchequer Secretary speaking at the Centre's 'Taxing Corporations' summer conference, Oxford 2011



Paul Morton, Reed Elsevier speaking at the Centre's 'Taxing Corporations' summer conference, Oxford 2011

# EXTERNAL PUBLICATIONS



## BOOKS

**de la Feria, R., and Vogenauer, S.,** (eds.), 2011 'Prohibition of abuse of law: a new general principle of EU law?', Oxford: Hart Publishing.

**Evans, C., Freedman, J., and Krever, R.,** (eds.), 2011 'The delicate balance: tax, discretion and the rule of law', Amsterdam: International Bureau of Fiscal Documentation.

## BOOK CHAPTERS

**de la Feria, R.,** 2011 'Introducing the principle of prohibition of abuse of law' in de la Feria, R. and Vogenauer, S. (eds.), Prohibition of abuse of law: a new general principle of EU law?, Oxford: Hart Publishing.

**de la Feria, R.,** 2011 'Supplement 12', 'Supplement 13' and 'Supplement 14' in de la Feria, R. (ed.), A Handbook of EU VAT Legislation, Kluwer Law International.

**de la Feria, R., and Fuest, C.,** 2010 'Führt die EuGH-Rechtsprechung zu einem Abbau steuerlicher Verzerrungen im Europäischen Binnenmarkt?' in Tipke, K., Seer, R., Hey, J. and Englisch, J. (eds.), Festschrift für Joachim Lang, Köln: Verlag Otto Schmidt.

**de la Feria, R.,** 2010 'VAT and the EU internal market: the paradoxes of harmonisation' in

Weber, D. (ed.), Traditional and Alternative Routes to European Tax Integration, Amsterdam: International Bureau of Fiscal Documentation.

**Devereux, M. P., Fuest, C. and Bilicka, K.,** 2011 'What do we know about effects of fiscal consolidation on short term growth? Implications for the UK', in Alworth, J. and Arachi, G. (eds.), Taxation and the Financial Sector, Oxford: OUP.

**Devereux, M. P., and Gerritsen, A.,** 2010 'The tax treatment of debt and equity', in Albregtse, D. A. and Kavelaars, P. eds., Naar een Europese winstbelasting? Kluwer.

**Freedman, J.,** 2011 'The anatomy of tax avoidance counteraction: abuse of law in a tax context at member state and European Union level' in de la Feria, R. and Vogenauer, S. (eds.), Prohibition of abuse of law: a new general principle of EU law?, Oxford: Hart Publishing.

**Freedman, J., and Vella, J.,** 2011 'HMRC'S management of the UK tax system: the boundaries of legitimate discretion' in Evans, C., Freedman, J. and Krever, R. (eds) The delicate balance: revenue authority discretions and the rule of law, Amsterdam: International Bureau of Fiscal Documentation.

**Vella, J.,** 2011 'The impact of the Centros line of case-law and its concept of abuse of law on domestic company law – a response' in de la Feria, R. and Vogenauer, S. (eds.), Prohibition of abuse of law: a new general principle of EU law?, Oxford: Hart Publishing.

**Vella, J.,** 2011 'The asymmetrical treatment of debt and equity finance under UK tax law', in Reisberg, A. and Prentice, D. (eds.), Corporate Finance Law: UK and EU Perspectives, Oxford: OUP.

## JOURNAL ARTICLES

**Becker, J., and Fuest, C.,** 2011 'Source versus residence based taxation with international mergers and acquisitions', Journal of Public Economics, 95, 28-40.

**Becker, J., and Fuest, C.,** 2010 'Tax enforcement and tax havens under formula apportionment', International Tax and Public Finance, 17, 217-235.

**Bond, S., Söderbom, M. and Wu, G.,** 2011 'Pursuing the wrong options? Adjustment costs and the relationship between uncertainty and capital accumulation', Economics Letters, 111(3), 249-251.

**Bond, S., Leblebicioglu, A. and Schiantarelli, F.,** 2010 'Capital accumulation and growth: a new look at the empirical evidence', Journal of Applied Econometrics, 25(7), 1073-1099.

**Devereux, M.P.,** 2011 'Will the bank levy meet its objectives?', British Tax Review 2011, 1, 33.

**Devereux, M.P., and De Mooij, R.,** 2011 'An applied analysis of ACE and CBIT reforms in the EU?', International Tax and Public Finance, 18, 93-120.

**Freedman, J.,** 2010 'Improving (not perfecting) tax legislation: rules and principles revisited', British Tax Review, 6, 717-736.

**Fuest, C., Peichl, A., and Dolls, M.,** 2011 'Automatic stabilisers, economic crisis and income distribution in Europe', Research in Labour Economics, 32, 227-255.

**Fuest, C., and Büttner, T.,** 2010 'The role of the corporate income tax as an automatic stabiliser', International Tax and Public Finance, 17, 686-698.

# EXTERNAL PUBLICATIONS continued...

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**Fuest, C., Peichl, A., and Dolls, M.,** 2010 'Wie wirken die automatischen Stabilisatoren in der Wirtschaftskrise? Deutschland im Vergleich zu anderen EU-Staaten und den USA', *Perspektiven der Wirtschaftspolitik*, 11, 132-145.

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**Krauthelm, S., and Schmidt-Eisenlohr, T.,** 2011 'Heterogeneous firms, 'profit shifting' FDI and international tax competition', *Journal of Public Economics* 95(1-2), 122-133.

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**Maffini, G., and Mokkal, S.,** 2011 'Profit-shifting and measured productivity of multinational firms', *Oxford Bulletin of Economics and Statistics*, 73(1), 1-20.

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## OTHER ARTICLES

**de la Feria, R.,** 2011 'EMI Group. Samples and 'gifts of small value'. *Court of Justice*, *Highlights & Insights on European Taxation* 3.

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**de la Feria, R.,** 2011 'Weald Leasing. Application of the abuse of law test in the VAT sphere. *Court of Justice*', *Highlights & Insights on European Taxation* 3.

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**de la Feria, R.,** 2010 'Future health technologies. VAT exemption. Storage of blood from the umbilical cord of newborn children for future therapeutic use. *Court of Justice*', *Highlights & Insights on European Taxation* 10.

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**de la Feria, R.,** 2010 'Commission v United Kingdom. Insurance and financial transactions. No refund of input VAT to taxable persons not established in EU territory. *Court of Justice*', *Highlights & Insights on European Taxation* 11.

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**de la Feria, R.,** 2010 'AstraZeneca UK. Supply of services. Retail vouchers provided by a company to its employees as part of their remuneration. *Court of Justice*', *Highlights & Insights on European Taxation* 11.

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**Devereux, M. P., and European Economic Advisory Group,** 2011 'Taxation and regulation of banks', *EEAG Report*, Munich: CESifo.

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**Fuest, C.,** 2011 'Will the reform of the institutional framework restore fiscal stability in the eurozone?', *CESifo Forum* 2, 34-39

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**Fuest, C.,** 2011 'Steuerliche Freistellung oder Anrechnungsverfahren für ausländische Einkommen?', *Wirtschaftsdienst* 6, 401-405.

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**Fuest, C.,** 2011 'Ein Vorschlag für einen Krisenbewältigungsmechanismus in der 7 Eurozone nach 2013', *Ifo Schnelldienst* 3, 64, 10-13.

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**Fuest, C.,** 2011 'The taxation of foreign profits – the old view, the new view, and a pragmatic view', *Intereconomics* 46, March/April, 92-97.

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**Fuest, C.,** 2011 'Empirische Studien zum Steuerreformkonzept einer nachgelagerten Einkommensbesteuerung' von Joachim Mitschke – ein Überblick, *Finanzrundschau*, 1, 9-17.

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**Fuest, C.,** 2010 'Die fiskalpolitischen Handlungsspielräume Deutschlands mit der Schuldenschanke', *Wirtschaftsdienst* 11, 711-714.

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**Fuest, C., Bolik, A., and Ortmann-Babel, M.,** 2010 'Zinsschranke, Verlustverrechnungsbeschränkung und steuerpolitische Zukunftserwartungen aus Unternehmenssicht', *DStR* 37, 1865-1871.

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**Fuest, C., Dolls, M., and Peichl, A.,** 2010 'Automatic stabilisers and the economic crisis in Europe and the US', *VoxEU*, September 17.

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**Fuest, C., Franz, W., Hellwig, M., and Sinn, H-W.,** 2010 'A Euro Rescue Plan', *CESifo Forum* 11, Summer, 101-104.

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# REPORTS

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For a summary of the reports please see the Research Highlights section on pages 7-11.

## **CORPORATION TAX IN THE UNITED KINGDOM**

Michael Devereux and Simon Loretz

February 2011

To download the report please go to: <http://bit.ly/corporationtax>

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## **THE ECONOMIC EFFECTS OF EU-REFORMS IN CORPORATE INCOME TAX SYSTEMS: STUDY FOR THE EUROPEAN COMMISSION DIRECTORATE GENERAL FOR TAXATION AND CUSTOMS UNION**

Leon Bettendorf , Michael Devereux, Albert van der Horst, Ruud de Mooij and Simon Loretz

March 2011

To download the report please go to: <http://bit.ly/economiceffectsofeureforms>

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## **G20 CORPORATE TAX RANKING 2011**

Katarzyna Bilicka, Michael Devereux and Clemens Fuest

July 2011

To download the report please go to: <http://bit.ly/G20taxranking>

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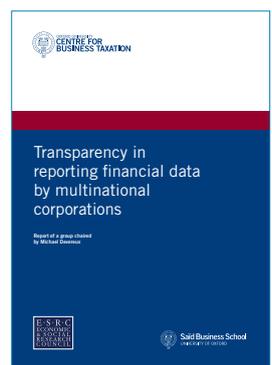
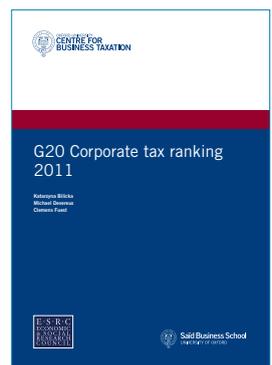
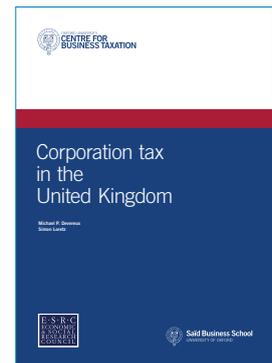
## **TRANSPARENCY IN REPORTING FINANCIAL DATA BY MULTINATIONAL CORPORATIONS**

Report of a group chaired by Michael Devereux

July 2011

To download the report please go to: <http://bit.ly/transparencyinfinancialreporting>

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# POLICY ARTICLES

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PA11/03

**SHADY DEALS**

Clemens Fuest

The World Today, Chatham House, July 2011, 16-18

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PA11/02

**WILL FISCAL CONSOLIDATION DRIVE THE UK ECONOMY BACK INTO RECESSION?**

Katarzyna Bilicka, Michael Devereux and Clemens Fuest

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PA11/01

**CORPORATE TAX REFORM IN THE EU: WEIGHING PROS AND CONS**

Leon Bettendorf, Michael Devereux, Albert van der Horst and Simon Loretz

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PA 10/11

**BANK BAILOUTS IN A GLOBAL ECONOMY: THE CHALLENGES FOR INTERNATIONAL COOPERATION**

Friederike Niepmann and Tim Schmidt-Eisenlohr  
CEP, Centre Piece, Volume 15 Issue 3

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PA10/10

**GOVERNMENT SPENDING REVIEW: MORE SPENDING REALLOCATION THAN SPENDING CUTS**

Michael Devereux

Brief Analysis of the October 2010 Government Spending Review

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PA10/09

**GAAR: CHALLENGING ASSUMPTIONS**

Judith Freedman

The Tax Journal, September 27, 2010, 12-14

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Professor Clemens Fuest

# WORKING PAPERS



Professor Ben Lockwood

## WP10/14 HOW SHOULD FINANCIAL INTERMEDIATION SERVICES BE TAXED?

Ben Lockwood

This paper investigates the optimal taxation of two types of financial intermediation services: savings intermediation, and payment services. It finds that, when firms differ in the cost of intermediation services, the tax on savings intermediation should be zero. Also, under reasonable conditions, the optimal tax rate on payment services is different from that on consumption goods.

## WP10/15 CORPORATE TAXATION AND CAPITAL ACCUMULATION

Stephen Bond and Jing Xing

The paper uses sectoral data for the USA, Japan, Australia and ten EU countries over the period 1982-2007 to investigate the impact of taxes on capital accumulation. It finds evidence that aggregate capital accumulation is strongly influenced by the user cost of capital and, in particular, by corporate tax incentives summarised in the tax-adjusted user cost.

## WP10/16 BANK BAILOUTS, INTERNATIONAL LINKAGES AND COOPERATION

Friederike Niepmann and Tim Schmidt-Eisenlohr

[This paper won the 2011  
Klaus Liebscher Award](#)

Financial institutions are increasingly linked internationally. As a result, financial crisis and government

intervention have strong effects beyond borders. This paper provides a model of international contagion allowing for bank bailouts. It shows that, in the absence of cooperation, stronger interbank linkages make government interests diverge, whereas cross-border asset holdings tend to align them. The paper also analyses different forms of cooperation.

## WP10/17 VAT TREATMENT OF PUBLIC SECTOR BODIES: THE CANADIAN MODEL

Pierre-Pascal Gendron

This paper examines alternatives to the exempt VAT treatment of public bodies, non-profit organisations and charitable organisations. It focuses in particular on Canadian VAT. The Canadian system lies between the extremes of the New Zealand, where nearly all transactions involving public service bodies are subject to VAT in the normal way, and the EU models, where nearly all such transactions are exempt. The paper argues that the Canadian system is more efficient and predictable.

## WP10/19 IMPROVING THE VAT TREATMENT OF EXEMPT IMMOVABLE PROPERTY IN THE EUROPEAN UNION

Sijbren Cnossen

Ideally, rents and rental values should be taxed under VAT like other consumer goods and services, but doing so would present formidable practical difficulties. Instead, the value of newly-created property is taxed, but this leaves future changes in the value of the exempt property out of the VAT base. This paper recommends that VAT should be charged

on the increase (or decrease) realised at the time of sale.

## WP10/20 TAX COMPETITION IN A SIMPLE MODEL WITH HETEROGENEOUS FIRMS: HOW LARGER MARKETS REDUCE PROFIT TAXES

Andreas Haufler and Frank Stähler

This paper considers a two-country model of tax competition where firms with different productivity decide in which location to produce and sell output. In this framework, the smaller country levies a lower tax rate and attracts low-cost firms. A simultaneous expansion of both markets that raises profitability would intensify tax competition and reduce tax rates in both countries, consistent with empirical evidence.

## WP10/21 REVERBERATION OF LEGAL PRINCIPLES: FURTHER THOUGHTS ON THE DEVELOPMENT OF AN EU PRINCIPLE OF PROHIBITION OF ABUSE OF LAW

Rita de la Feria

This paper considers the ongoing debate over the development of an EU principle of prohibition of abuse of law. It first analyses the role of the principle within the field of free movement of persons, and then progresses to propose the notion of reverberation as a new conceptual framework for the analysis of the development of general principles of EU law - in this case based upon the ongoing example of prohibition of abuse of law.

# WORKING PAPERS continued...

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WP10/22

## **HMRC'S MANAGEMENT OF THE UK TAX SYSTEM: THE BOUNDARIES OF LEGITIMATE DISCRETION**

Judith Freedman and John Vella

This paper considers the discretion vested in HMRC, its limits and the mechanisms that control it. Following a general discussion, the paper focuses on the use of non-statutory guidance, and discusses the operation of judicial review, particularly the doctrine of legitimate expectations, in the context of such guidance.

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WP10/23

## **TOWARDS A THEORY OF TRADE FINANCE**

Tim Schmidt-Eisenlohr

Shipping goods internationally is risky and takes time, and trading partners have to agree on the timing of payments. A range of different payment contracts is utilised, broadly classified into exporter finance, importer finance and bank finance. His paper creates a theoretical model to study the optimal choice between the three. The predictions of the model are found to be supported by econometric evidence.

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WP11/01

## **EARNINGS SHOCKS AND TAX-MOTIVATED INCOME-SHIFTING: EVIDENCE FROM EUROPEAN MULTINATIONALS**

Dharmika Dharmapala and Nadine Riedel

This paper presents a new approach to estimating the existence of, and magnitude of, tax-motivated income

shifting. It exploits earnings shocks in the parent firm and investigates how these shocks propagate across low-tax and high-tax multinational subsidiaries. It finds that parents' positive earnings shocks are associated with a relatively significantly positive increase in pretax profits at low-tax affiliates. The estimated size of income shifting is substantial, though smaller than that found in the previous literature.

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WP11/02

## **COMPARING THE TREATMENT OF CHARITIES UNDER VALUE-ADDED TAXES AND RETAIL SALES TAXES**

Walter Hallerstein

This paper analyses the treatment of charities under VAT and retail sales taxes (RST). Most VAT and RST regimes provide relief for charities. But although it may appear desirable to do so, attempting to support charities in this way creates a number of problems, including undermining economic neutrality, producing negative revenue consequences, fostering "exemption" creep, and adding to complexity. This suggests charities should instead be supported through direct subsidies.

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WP11/03

## **SEARCH COSTS AND CORPORATE INCOME TAX COMPETITION**

Kai A Konrad

This paper studies corporate tax competition when it is costly to learn some of the elements that determine the effective tax burden. Search costs may, but need not, eliminate the tax competition pressure. The outcome depends on the boundaries of tax rate

and tax base choices. The existence of search costs can explain the empirically observed tax reforms of rate cuts cum base broadening.

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WP11/04

## **THE TAXATION OF FOREIGN PROFITS: THE OLD VIEW, THE NEW VIEW, AND A PRAGMATIC VIEW**

Johannes Becker and Clemens Fuest

This paper reviews the recent debate on the theory on the taxation of foreign source income of multinational firms. Traditional theory supports the use of the tax credit system, which in principle leads to global efficiency. More recent papers argue that the exemption system is superior because it leads to ownership neutrality. We confront these two views with a third, more pragmatic view, which considers administration and compliance costs.

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WP11/05

## **MEASURING THE BURDEN OF CORPORATE INCOME TAX UNDER IMPERFECT COMPETITION**

Rosanne Altshuler and Li Liu

This paper re-examines the extent to which corporation tax is passed onto the labour force in lower wages, exploiting sectoral variation in effective marginal tax rates. The results suggest that labour bears a significant portion of the tax; on average a one dollar increase in corporate tax revenue reduces wages by around 60 cents. The size of the effect varies across sectors and increases with sector concentration.

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WP11/06

**TAXING MULTINATIONALS UNDER UNION WAGE BARGAINING**

Nadine Riedel

This paper investigates the impact of corporation tax on wages in the context of multinational companies, distinguishing between taxation under separate accounting (SA) and formula apportionment (FA). Under SA, the paper finds that that increases in the corporate tax rate raise the wage level of domestic workers, but lower the remuneration of foreign workers. A switch to an FA system would reverse this effect.

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WP11/07

**TAX COMPETITION – GREENFIELD INVESTMENT VERSUS MERGERS AND ACQUISITIONS**

Johannes Becker and Clemens Fuest

This paper analyses tax competition in a model where companies can choose between two types of investment: greenfield and a merger or acquisition. The coexistence of these two types of investment intensifies tax competition compared to the case in which there is only greenfield investment. However, a specific tax on acquisitions would mitigate tax competition compared to the pure greenfield case.

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WP11/08

**CONSUMPTION AND CASH-FLOW TAXES IN AN INTERNATIONAL SETTING**

Alan J Auerbach and Michael P Devereux

This paper analyses the effects of taxes which differ according to the base and location of the tax. In the general case, for national governments there are trade-offs in choosing between alternative taxes. A source-based tax distorts production and consumption, but is incident on possibly non-resident owners of domestic production. A destination-based tax does not distort behaviour, but is incident only on domestic residents.

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WP11/09

**ON SELECTION INTO PUBLIC CIVIL SERVICE**

Tobias Böhm and Nadine Riedel

Existing theory suggests that low public sector wages induce intrinsically motivated workers to choose public sector employment. But public sector contracts typically also have more generous employment protection schemes, which may make public sector work attractive for individuals with a low intrinsic motivation. This paper finds evidence for this using data that exploits the natural experiment of German reunification in 1990.

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WP11/10

**ASYMMETRIC OBLIGATIONS**

Nadine Riedel and Hannah Schildberg-Hörisch

This paper reports on a laboratory experiment to test whether obligations that are not backed by binding deterrent incentives exert an effect on individual behaviour. The results indicate that while the initial impact of high obligations

on behavior is strong, it decreases over time. The results are compatible with the argument that expressive law affects behaviour by attaching an emotional cost of disobeying obligations.

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WP11/11

**EU PERSPECTIVE ON VAT EXEMPTIONS**

Joachim Englisch

This paper discusses exemptions from VAT in an EU constitutional and institutional framework. It provides an overview of the current array of exemptions and sets out an economic and legal benchmark for their assessment. The paper discusses eight rationales for tax exemptions and analyses their merits in the light of those benchmarks. Particular attention is given to tax equity and social policy, and to exemptions of “hard to tax” supplies.

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WP11/12

**CLOSER TO AN INTERNAL MARKET? THE ECONOMIC EFFECTS OF EU TAX JURISPRUDENCE**

Rita de la Feria and Clemens Fuest

This paper shows that decisions of the Court of Justice of the European Union (CJEU) have not necessarily lead to a more level playing field or increased tax neutrality, an instrumental objective towards attaining a European Internal Market. Two rulings, Lankhorst-Hohorst and Marks & Spencer are used as case studies. The paper criticises the Court’s lack of consideration of the constitutional instrumental chain.

# EXTERNAL PRESENTATIONS

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## AUGUST 2010

**Bond, S.**, 'Taxing income from capital', Econometric Society World Congress, invited policy session, Shanghai, China

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**Devereux, M. P.**, 'Consumption and cash-flow taxes in an international setting', International Institute of Public Finance Congress, Uppsala, Sweden

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**Fuest, C.**, 'The economic effects of court of justice tax jurisprudence', International Institute of Public Finance Congress, Uppsala, Sweden

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## SEPTEMBER 2010

**Bond, S.**, 'Conditional investment-cash flow sensitivities and financing constraints', international conference in honour of Jacques Mairesse, CREST-ENSAE, Paris, France

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**Devereux, M. P.**, 'Reforming existing tax instruments: interest deductibility', IMF conference on Financial Sector Taxation, Paris

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**Devereux, M. P.**, 'Corporation tax in the United Kingdom', HMRC, London

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**Devereux, M. P.**, 'Transparency in tax reporting', International Tax Policy Forum conference, Washington DC

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**Freedman, J.**, 'Responsive regulation, risk and rules: applying the theory to tax practice', Responsive Regulation workshop in honour of John Braithwaite, Lui Institute for Global Issues, University of British Columbia, Vancouver

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**Freedman, J.**, 'General anti-avoidance provisions - questioning some assumptions' HMRC workshop

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**Maffini, G.**, 'Profit shifting and measured productivity of multinational firms', Comparative Analysis of Enterprise Data (CAED) conference, Imperial College, London, UK

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**Serrano-Velarde, N.**, 'Employment policies in family-managed firms', Comparative Analysis of Enterprise Data conference, Imperial College, London

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**Freedman, J., and Vella J.**, 'HMRC's management of the UK tax system: the boundaries of legitimate discretion', (with Judith Freedman) – presented at 'The Delicate Balance: Revenue Authority Discretions and the Rule of Law', Monash Prato Centre, Italy,

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## OCTOBER 2010

**Fuest, C.**, 'The impact of globalisation on tax structures in the OECD', Karlsruhe University

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**Fuest, C.**, 'What drives tax policy making? An overview', ZEW workshop on Tax Policy Decision Making

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**Schmidt-Eisenlohr, T.**, 'Bank bailout, international linkages and cooperation', 13th Annual De Nederlandsche Bank Research Conference, Amsterdam

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## NOVEMBER 2010

**Bond, S.**, 'Taxing income from capital', Tax by Design: The Mirrlees Review, launch, Senate House, University of London

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**Fuest, C.**, 'International taxation on the road to economic recovery', IFA trilateral meeting, London

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## DECEMBER 2010

**Bond, S.**, 'Uncertainty and capital accumulation', seminar, University of Alicante, Spain

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**Devereux, M. P.**, 'Transparency in tax reporting', OECD, Paris

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**Devereux, M. P.**, 'Credit ratings and the debt-related costs for the affiliates of a multinational firm', conference at Max Planck Institute, Munich

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**Devereux, M. P.**, 'Corporation tax: domestic and international issues', taught course, HM Treasury and HMRC, London

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**Lockwood, B.**, 'How should financial intermediation be taxed?', economics seminar, GREQUAM, University of Marseilles

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## JANUARY 2011

**Bond, S.**, 'Taxing income from capital', Tax by Design: The Mirrlees Review, presentation, HM Treasury, London

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**Devereux, M. P.**, 'The direct incidence of the corporate income tax', American Economic Association conference, Denver, USA

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Dr Nicolas Serrano-Velarde

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**Devereux, M. P.**, 'The tax treatment of intellectual property', Institute for Fiscal Studies conference, London

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**Freedman, J.**, 'Small business taxation' Dutch Finance Ministry seminar, The Hague - attended by the Minister of Finance, Jan-Kees de Jager and the State Secretary of Finance, Frans Weekers

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**Simpson, H.**, 'Social networks and boardroom recruitment', seminar, Centre for Market and Public Organisation, Bristol

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## FEBRUARY 2011

**Bond, S.**, 'Uncertainty and capital accumulation', Department of Economics workshop, University of Oxford

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**de la Feria, R.**, 'The constitutional role of the Court of Justice in the internal market post-harmonisation - tax exceptionalism or jurisprudential consistency?', EU Law discussion group seminar, Institute of European and Comparative Law, Oxford University

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**Freedman, J.**, 'HMRC'S management of the UK tax system: the boundaries of legitimate discretion', staff seminar, University of New South Wales, Australia

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**Freedman, J.**, 'Inaugural thought leadership lecture' on the occasion of the launch of the Australian School of Taxation and Business Law 'The route map of tax policy making: the highways and the byways', University of New South Wales, Australia

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**Freedman, J.**, 'Combating tax avoidance - the state of play in the UK', Australian Treasury seminar, Canberra, Australia

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**Schmidt-Eisenlohr, T.**, 'Towards a theory of trade finance', CESifo area conference on global economy, Munich (shortlisted for Distinguished Research Affiliate Prize)

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## MARCH 2011

**de la Feria, R.**, 'A Reforma do IVA no Contexto do Mercado Interno', conference on A Reforma do IVA – O Livro Verde da Comissão sobre o futuro do IVA, University of Lisbon, Faculty of Law, Portugal

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**Devereux, M. P.**, 'The tax and regulation of banks', seminar at Swiss Re conference centre, Zurich

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**Fuest, C.**, 'Automatic stabilisers and economic crisis: US versus Europe', Public Economics seminar, Uppsala University

---

**Fuest, C.**, 'The Financial Activities Tax (FAT) as a way forward?', Brussels Tax Forum, Taxation of the Financial Sector

---

**Lockwood, B.**, 'How should financial intermediation be taxed?', economics seminar, Department of Economics, Southampton University

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**Serrano-Velarde, N.**, 'Employment policies in dynastically managed firms', law and finance workshop, Oxford University

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**Vella, J.**, 'Debt and equity under UK revenue law' – Faculty of Law seminar, UCL

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## APRIL 2011

**Bond, S.**, 'Corporate taxation and capital accumulation: reconciling micro and macro evidence', European Tax Policy forum, Brussels, Belgium

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**Freedman, J.**, 'Anti-abuse tax rules: a global perspective.' Law Faculty seminar, New York University, USA

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**Freedman, J.**, 'Anti-abuse tax rules: a UK perspective', Law School seminar, University of Pennsylvania, USA

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**Fuest, C.**, 'Automatic stabilisers and economic crisis: US versus Europe', CESifo conference on public sector economics

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**Liu, L.**, 'Measuring the burden of corporate income tax under imperfect competition', 2011 Royal Economic Society annual conference, Royal Holloway

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**Schmidt-Eisenlohr, T.**, 'Towards a theory of trade finance', Midwest International Trade meeting, Notre Dame, USA

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## MAY 2011

**Bond, S.**, 'Taxing income from capital', Tax by Design: The Mirrlees Review, presentation, OECD, Paris, France

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**Bond, S.**, 'Taxing income from capital', Tax by Design: The Mirrlees Review, presentation, CEPR Public Policy symposium, University of St Gallen, Switzerland

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**Schmidt-Eisenlohr, T.**, 'Bank bailout, international linkages and cooperation', workshop on 'Current Macroeconomic Challenges', Banque de France, Bundesbank and University of Hamburg

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# EXTERNAL PRESENTATIONS continued...

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## MAY 2011 continued

**Schmidt-Eisenlohr, T.**, 'Towards a theory of trade finance', research seminar, London School of Economics

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**Schmidt-Eisenlohr, T.**, 'Towards a theory of trade finance', research seminar, Tuck School of Business, Dartmouth College

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**Vella, J.**, 'Taxing banks: the role of taxation in post-crisis bank regulation', Law and Finance workshop, University of Oxford

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## JUNE 2011

**Bond, S.**, 'Taxing income from capital', Tax by Design: The Mirrlees Review, presentation, Colloque, Collège de France, Paris, France

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**Devereux, M. P.**, 'Taxation: is the UK finally heading towards a competitive tax system?', ABI biennial conference, London

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**Fuest, C.**, 'Automatic stabilisers and economic crisis: US versus Europe', Skatteforum Jeløya Radio, Moss

---

**Fuest, C.**, 'Tax havens and the economic perspective', Academy of Global Governance executive seminar series: Tax havens: selected theoretical and practical key issues, Florence

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**Fuest, C.**, 'Will the reform of the institutional framework restore fiscal stability in the Eurozone?', CFS research conference 'The ECB and its watchers XIII', Frankfurt

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**Schmidt-Eisenlohr, T.**, 'Towards a theory of trade finance', Ljubljana Empirical Trade Conference, Ljubljana, Slovenia

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**Schmidt-Eisenlohr, T.**, 'Bank bailout, international linkages and cooperation', 10th Journées Louis-André Gerard-Varet conference, Marseille

---

**Schmidt-Eisenlohr, T.**, 'Towards a theory of trade finance', research seminar, University of Nottingham

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**Serrano-Velarde, N.**, 'Employment policies in dynastically managed firms', Financial Intermediation Society, Sydney

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## JULY 2011

**Devereux, M. P.**, 'How do taxes affect cross-border acquisitions?', economics seminar, University of Bayreuth, Germany

---

**Vella, J.**, 'Sham and a realistic view of facts', Oxford and Melbourne symposium on 'The common law doctrine of the sham: reality and pretence in law', University of Oxford

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Taxing corporations: competitiveness, transparency and responsibility, Summer conference, Oxford, July 2011

# ACADEMIC SEMINARS

**Ben Lockwood, University of Warwick & CBT**

*Taxation and M&A investment*

**Ufuk Akcigit, University of Pennsylvania**

*Back to basics: private and public investment in basic research and macroeconomic growth*

Joint seminar with the Econometrics Group

**Nicolas Serrano-Velarde, CBT**

*The causal effect of bankruptcy law on the cost of finance*

**Fritz Foley, Harvard University**

*Trade credit and taxes*

Joint seminar with the SBS Finance Group

**Johannes Voget, Mannheim University**

*International taxation and cross-border banking*

**Viral Acharya, NYU Stern**

*A pyrrhic victory? Bank bailouts and sovereign credit risk*

Joint seminar with the SBS Finance Group

**Nicholas Bloom, Stanford University**

*Really uncertain business cycles*

Joint seminar with the Econometrics Group

**Rachel Griffith, Manchester University & IFS**

*Corporate taxes and the location of intellectual property*

**Nadine Riedel, Hohenheim University & CBT**

*Business taxes and the electoral cycle*

**Douglas Shackelford, UNC Kenan-Flagler Business School**

*Taxes and the clustering of foreign subsidiaries*

**Raj Chetty, Harvard University**

*Bounds on elasticities with optimisation frictions: a synthesis of micro and macro evidence on labor supply*

Joint seminar with Labour and Applied Microeconometrics Group

**Tom Gresik, University of Notre Dame**

*Optimal separate accounting vs. optimal formula apportionment*

**Tim Schmidt-Eisenlohr, CBT**

*Bank bailouts, international contagion and cooperation*

**Li Liu, CBT**

*Do taxes distort corporations investment choices? Evidence from industry-level data*

**Roger Gordon, University of California, San Diego**

*The choice of the personal income tax base*

Joint seminar with Labour and Applied Microeconometrics Group

**Chris Evans, ATAX, University of New South Wales**

*Assessing and addressing tax system complexity*

**John Vella and Judith Freedman, CBT & Oxford University**

*HMRC's management of the UK tax system: the boundaries of legitimate discretion*

**Miranda Stewart, University of Melbourne**

*Sham transactions: reality and camouflage in tax law*

**Michelle White, University of California, San Diego**

*Fiscal zoning and sales taxes: do higher sales taxes lead to more retailing and less manufacturing?*

# MEDIA COVERAGE

Throughout the year, from August 2010 to July 2011, the Centre's work and members have featured in a variety of media publications, in print, broadcast and online, in the UK and abroad.

3sat	Financial Times	Scotsman
Accountancy Age	Financial Times Deutschland	Spiegel Online
ActionAid	Financni Noviny	stern.de
Asahi.com	FinanzNachrichten.de	sueddeutsche.de
AZ Online	Focus Magazin	Tax Journal
Badische Zeitung	Frankfurter Allgemeine	Tax-News.com
Bayerisches Rundfunk	Frankfurter Allgemeine Zeitung	The Economist
BBC News	Frankfurter Neue Presse	The Hill
Berliner Morgenpost	Frankfurter Rundschau	The Independent
Boerse-express	Free Internet Press	The Irish Times
Boersenews.de	Guardian	The Press and Journal
Boersen-zeitung	Hamburger Abendblatt	The Scotsman
BR Radio	Handelsblatt	The Wall Street Journal
Challenges	HM Treasury	Themenportal
City AM	IBTIMES.DE	THEWORLD TODAY.ORG
Daily Telegraph	Independent.ie	ticotimes.net
Das Parlament	International Tax Review	Time
Der Spiegel	Irish Times	Visavis
Der Staat im dritten Jahrtausend	junge Welt	Wall Street Journal
Deutschlandfunk	Khaleej Times Online	Wall Street Pit
Deutschlandradio Kultur	La Temps	WDR5
Die Welt	Le Figaro	Welt
DiePresse.com	Management Today	Westfalen-Blatt
Dinheiro Vivo	MMNews	Wiener Zeitung
DW-World.de	nachrichten.at	wiwo.de
Energlobe.de	National Post	
eTrend	OP-online.de	
EurActiv.de	Parliament online	
Euro2day	Reuters	
Eurointelligence.com	Reuters Deutschland	
ExamExpresso	RP Online	

For further details, please  
go to [www.sbs.ox.ac.uk/tax](http://www.sbs.ox.ac.uk/tax)

Professor Joachim Englisch



# VISITORS

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## **Professor Ana Paula Dourado** **University of Lisbon**

August – September, 2010

Ana Paula Dourado is a Professor of Tax Law, and International and European Tax Law, and Vice-President of the Institute for Economic, Fiscal and Tax Law, at the University of Lisbon. She gained her Law degree, PhD and Habilitation also at the University of Lisbon. Between 1998 and 2006 she was a member of the Centre for Tax Studies at the Ministry of Finance, and a delegate for Portugal in working groups for direct tax harmonisation at the European Community and for tax evasion and avoidance at the OECD. She has been acting as an expert at the legal department of the IMF since 2003, and has drafted and negotiated the tax reforms in Portuguese-speaking countries. She has been visiting professor at LLM programmes of several European and US universities. Her main research interests are European Tax Law, Comparative Tax Law and Tax Policy and International Tax Law.

## **Professor Joachim Englisch** **University of Münster**

May – June, 2011

Joachim Englisch studied law and business administration at the Universities of Saarbrücken, Salamanca and Cologne. After two years of legal clerkship, he became a research assistant and in 2004, he received his doctorate, and in 2007 his Habilitation, from the University of Cologne. From 2008 to 2010, he held the Chair of Tax Law, Financial Law and Public Law at the University of Augsburg. Since March 2010, Joachim Englisch has held the Chair of Public Law and Tax Law at the WWU Münster. In 2011 he was appointed managing director of the law faculty's Institute of Tax Law. He also serves as a visiting professor in several national and international tax LLM programmes. His main research interests are value added tax, European tax law, constitutional aspects of taxation, and capital income taxation.

## **Professor Chris Evans, ATAX** **University of New South Wales**

June - November, 2010

Chris Evans is Professor of Taxation in the Australian School of Taxation at The University of New South Wales, and former Director of the School. He has researched and published extensively in the field of taxation, and is an author of Australian Taxation Law, which is Australia's leading tax textbook now in its 21st edition. He specialises in tax law and administration, capital gains taxation, personal income tax, tax accounting, tax policy and tax reform.

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## **Theresa Lohse** **University of Mannheim**

March, 2011

Theresa Lohse is a PhD candidate and a research assistant at the Chair for Business Taxation at the University of Mannheim, having previously studied at the University of Mannheim and the University of Washington, Seattle. Her research interests lie in the fields of business taxation, especially the tax planning behaviour of multinational companies.



# VISITORS

continued...

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**Dr Simon Loretz**  
**University of Bayreuth**  
2011

Simon Loretz is assistant professor at the University of Bayreuth and international research fellow at the Oxford University Centre for Business Taxation. His research interests include the impact of tax reforms on heterogeneous firms, the measurement of tax burden, international tax competition and the location and production decisions of companies. He gained his PhD in Economics at University of Innsbruck in September 2006. Prior to joining the University of Bayreuth in August 2010, he was research fellow at the Oxford University Centre for Business Taxation.

**Professor Nadine Riedel**  
**University of Hohenheim**  
2011

Nadine Riedel has been Professor of Public Economics at the University of Stuttgart-Hohenheim, and an international research fellow at the Oxford University Centre for Business Taxation, since 2010. She initially studied economics and German language and

literature at the University of Regensburg and Trinity College Dublin. In 2008, she received a PhD in Economics from the University of Munich for her thesis on corporate taxation of multinational firms. Prior to joining the University of Hohenheim, she was a research fellow at the Oxford University Centre for Business Taxation and also held a teaching and research position at the University of Munich. Her current research interests comprise international tax competition, taxation in developing countries and the empirical assessment of corporate tax effects on firm behavior.

**Professor Doug Shackelford**  
**Kenan-Flagler Business School,**  
**University of North Carolina**  
January – August, 2011

Doug Shackelford is the Meade H. Willis Distinguished Professor of Taxation at the University of North Carolina's Kenan-Flagler Business School. He currently serves as its Senior Associate Dean for Academic Affairs, directs the UNC Tax Center, and is a Research Associate at the NBER. A Certified Public Accountant, he has two degrees in business administration, a PhD from the University of

Michigan in 1990 and a BS from the University of North Carolina in 1980. His research and teaching address taxes, accounting, and business strategy. He has published widely in accounting, economics, finance, and law journals. His current areas of interest include the effects of shareholder taxes on equity prices, the taxation of multinationals and the interplay between financial reporting and taxation.

**Dr Michael Stimmelmayr**  
**University of Munich**  
May – September 2010

Michael Stimmelmayr is an Assistant Professor at the Center for Economic Studies at the University of Munich. He received his PhD in Economics from the University of Munich in 2006. His research interests include capital income taxation, tax reforms, computable general equilibrium (CGE) models, corporate governance, political economy, and social choice.

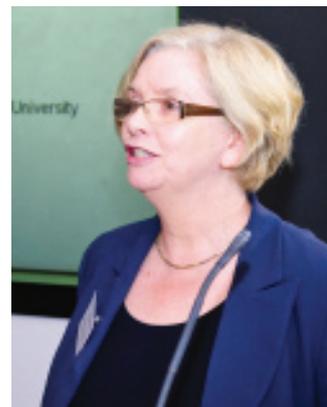
Professor Michael P Devereux



Professor Clemens Fuest



Professor Judith Freedman



# RESEARCH STAFF

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## DIRECTOR

### **Professor Michael P Devereux**

Michael Devereux is Director of the Oxford University Centre for Business Taxation, Professor of Business Taxation, and Professorial Fellow at Oriel College, Oxford. He is Research Director of the European Tax Policy Forum, and Research Fellow of the Institute for Fiscal Studies, the Centre for Economic Policy Research and CESifo. He is Vice President of the International Institute for Public Finance and Assistant Editor of the British Tax Review. Professor Devereux is a member of the Business Forum on Tax and Competitiveness, chaired by the Exchequer Secretary.

## RESEARCH DIRECTOR

### **Professor Clemens Fuest**

Clemens Fuest is Research Director of the Oxford University Centre for Business Taxation and Professor of Business Taxation, University of Oxford. He is a research fellow of CESifo and IZA and advisory editor of the Canadian Journal of Economics. He is chairman of the Academic Advisory Board of the German Federal Ministry of Finance and a member of the Academic Advisory Board of Ernst and Young AG, Germany. He has a PhD in economics from the University of Cologne. Prior to Oxford, he was a lecturer at the University of Munich and a professor of economics at the University of Cologne.

## DIRECTOR OF LEGAL RESEARCH

### **Professor Judith Freedman**

Judith Freedman is Director of Legal Research of the Oxford University Centre for Business Taxation, Professor of Taxation Law, University of Oxford, and fellow of Worcester College, Oxford. She is currently a member of the Office of Tax Simplification Consultative Committee on Small Business Taxation; the Aaronson Tax Avoidance Study Group appointed to report to the Exchequer Secretary on the question of a General Anti-avoidance Rule; the Council of the Institute for Fiscal Studies (IFS) and the IFS Tax Law Review Committee.

She is a visiting Adjunct Professor in the Australian School of Taxation and Business Law, University of New South Wales and is the general editor of the British Tax Review as well as being on the editorial boards of the Modern Law Review, the eJournal of Tax Research, The Canadian Tax Journal, The Australian Tax Review and The Tax Journal.

# RESEARCH STAFF



Professor  
Wiji Arulampalam



Dr John Vella

## PROGRAMME DIRECTORS

### Professor Wiji Arulampalam

Wiji Arulampalam is Professor of Economics at the University of Warwick. She is also a Research Fellow at IZA, Institute for the Study of Labour, Bonn, Germany. She is a member of the editorial board of *Foundations and Trends in Econometrics*.

### Professor Stephen Bond

Stephen Bond is Senior Research Fellow at Nuffield College, a Visiting Research Fellow in the Department of Economics, University of Oxford, and a Research Fellow of the Institute of Fiscal Studies.

### Professor Ben Lockwood

Ben Lockwood is Professor of Economics at the University of Warwick. He is a Research Fellow of CEPR and CESifo, and a member of the editorial boards of *The Economic Journal*, *Journal of Public Economics*, *Finanzarchiv*, *International Tax and Public Finance*, and the *Journal of Macroeconomics*. He has acted as a consultant on tax policy for the IMF.

### Dr Helen Simpson

Helen Simpson is a Reader in Economics at the Centre for Market and Public Organisation, University of Bristol and a Research Fellow at the Institute for Fiscal Studies. She is an Associate Editor of the *Journal of the European Economic Association*.

### Professor David Ulph

David Ulph is Professor of Economics and Head of the School of Economics and Finance at the University of St Andrews. From 2001-2006 he was Director of Analysis and Research at HM Revenue & Customs.

## SENIOR RESEARCH FELLOWS

### Dr Rita de la Feria

Rita de la Feria holds a PhD in law from the University of Dublin, Trinity College. She is the author of *The EU VAT System and the Internal Market* (IBFD, 2009), editor of *A Handbook of EU VAT Legislation* (Kluwer, 2004-), and co-editor of *Prohibition of Abuse of Law: A New General Principle of EU Law?* (Hart Publishing, 2011). She is a member of the editorial board of the *British Tax Review*, and correspondent for both *Highlights & Insights on European Taxation* and *Revista de Finanças Públicas e Direito Fiscal*. Her work is regularly cited by the courts, including the EU Court of Justice.

### Dr John Vella

John studied law at the University of Malta, obtaining a BA and an LLD, and at the University of Cambridge, where he obtained an LLM and a PhD. Following the completion of his PhD he joined the Faculty of Law at the University of Oxford as Norton Rose Career Development Fellow in Company Law, and remains a member of the Faculty where he teaches on a number of courses. He has been a Program Affiliate Scholar at New York University and has acted as a co-arbitrator in a tax dispute before the ICC International Court of Arbitration.

## RESEARCH FELLOWS

### Katarzyna Bilicka

Katarzyna studied BSc Mathematics and Economics at the University of Warwick, and continued on to obtain an MSc in Economics and International Financial Economics in 2010. She is currently undertaking research on tax information exchange agreements involving tax havens and on the use of privatisation as a method to reduce fiscal deficit. Her previous work covered the

implications of fiscal consolidations for growth as well as development of the tax database in the Centre.

### Dr Li Liu

Li completed her PhD in Economics from Rutgers University in January 2011. Her doctoral dissertation is on corporate income taxation (supervisors: Rosanne Altshuler and Hilary Sigman). Previously she studied economics at the College of New Jersey as an undergraduate (*summa cum laude*).

Her current research interests include measuring the impact of business taxation on choice of assets, the incidence of the corporate income tax, and the relation between personal and corporate tax rates and the decision to incorporate. Li is also interested in the effect of tax incentives on the clean-up of brownfields.

### Dr Giorgia Maffini

Giorgia holds a PhD in Economics from the University of Warwick. She received a BSc in Economics from Bocconi University, Milan (*summa cum laude*) and a Master's in Economics from University College of London. She previously worked as an economist at the OECD in Paris where she studied the effects of tax incentives for savings. In 2010 she taught a graduate course in Public Finance at Bocconi University. Her research interests include the incidence of the corporate income tax on wages, as well as transfer-pricing issues affecting productivity measurement. Recently, she has been investigating the effect of tax haven operations on tax liabilities and taxation issues in developing countries.

### Dr Tim Schmidt-Eisenlohr

Tim holds a PhD from the European University Institute, where he was supervised by Giancarlo Corsetti. While studying there he visited New York University at the invitation of Jonathan Eaton. He also studied in Heidelberg, Urbana-



Katarzyna Bilicka



Dr Giorgia Maffini



Anzhela Yevgenyeva

Champaign, Bergen and Kiel, where he received a Diploma in quantitative economics in 2006. His research analyses questions of international tax competition, international trade and bank bailouts in financial crisis. In May 2011 he was awarded the Klaus Liebscher Award of the Austrian National Bank for his work on bank bailouts. He is a research affiliate of CESifo, Munich and was nominated for the CESifo Distinguished Research Affiliate Prize in Global Economics for his work on trade finance.

**Dr Nicolas Serrano-Velarde**

Nicolas Serrano-Velarde received his graduate education at Sciences Po Paris and the European University Institute. While studying for his PhD at the European University Institute he visited Toulouse School of Economics at the invitation of Professors Biais and Casamatta. His current research interests and activity focus on applied corporate finance topics.

**Richard Wild**

Richard is a DPhil student in International Relations. His research focuses on the role of small states in the global economy, especially less-developed micro-states. He is attempting to bridge IR theory with taxation, by investigating how the OECD’s project on harmful tax practices has affected micro-states that host offshore financial centres.

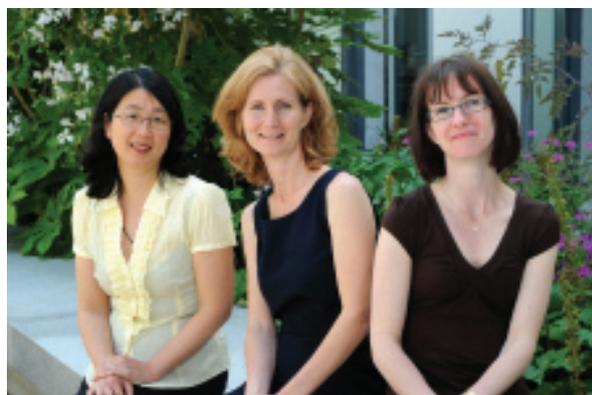
**Anzhela Yevgenyeva**

Anzhela is a DPhil student in the Faculty of Law at the University of Oxford. She obtained law degrees with distinction at the University of Oxford (MSt in Legal Research) and the National University of Kyiv Mohyla Academy (BA and MA in Law). Anzhela taught EU law and European tax law for several colleges of the University of Oxford. Her professional experience also involves a mixture of advisory practices, ranging from tax litigation at a City law firm to policy consultancy at the Ukrainian Parliament. Her research interests are focused on the interplay between EU law and national direct tax laws.

**DPHIL SCHOLARS**

**Artem Kadikov**

Artem is a DPhil student in the Faculty of Law at the University of Oxford. He earned a law degree with distinction from the State University - Higher School of Economics, Moscow, Russia, where he specialised in tax and public finance law. Artem was awarded a full scholarship by the Hill Foundation to study law at the University of Oxford and received a Magister Juris (MJur) degree in 2010. He has worked as a junior tax lawyer at the Russian law firm Pepeliaev, Goltsblat & Partners and as a tax consultant at Deloitte in Moscow.



CENTRE ADMINISTRATORS: From left to right: Hattie Moody (Executive Assistant), Clare Ruthven-Stuart (Communications Manager), Anne-Marie McBrien (Centre Manager)

Dr Jing Xing



Irem Guceri



Germán Vera Concha



# NEW RESEARCHERS

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## RESEARCH FELLOW

### **Jing Xing**

Jing is a Swire Scholar at Nuffield College, Oxford and completed her DPhil studies in Economics in 2011. Prior to her doctoral studies, Jing received her BA from Peking University in 2005, her MSc from City University of Hong Kong in 2006, and her MPhil from the University of Oxford in 2008. Her doctoral research analyses the relationship between tax structures and growth, and the relationship between corporate income taxes and investment. Her other research interests include tax revenues during business cycles and corporate finance.

## DPHIL SCHOLARS

### **Irem Guceri**

Irem completed her BA in Economics at Koc University in Istanbul and her MSc in Economics at LSE. She then worked at the World Bank in the Europe and Central Asia region, Financial and Private Sector Development unit as an economist on policies relating to R&D and technology adoption, corporate taxation, state aid, small and medium sized enterprises and exports. Having recently completed her MPhil, she is continuing her DPhil in Economics at the University of Oxford. Her thesis, which focuses on corporate taxation and fiscal incentives in R&D-intensive sectors, is supervised by Professor Stephen Bond.

### **Germán Vera Concha**

Germán is a DPhil student in the Department of Economics at the University of Oxford. He earned a degree in Industrial Engineering and a diploma in Chemical Engineering from the Pontificia Universidad Católica de Chile, as well as an MBA and an MPhil in Economics from the University of Oxford. In the past, he has worked primarily in portfolio management for both the private and non-profit sectors, and has held managerial positions in the maritime industry in Chile. His current research is focused on the behaviour of natural resources companies, in particular how taxation regimes affect their production and investment decisions.

# INTERNATIONAL RESEARCH FELLOWS



Professor Johannes Voget



Professor Johannes Becker

**Rosanne Altshuler**  
Rutgers University

**Julian Alworth**  
European and Global Investments, Dublin

**Alan Auerbach**  
University of California, Berkeley

**Reuven Avi-Yonah**  
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Grays Inn Tax Chambers

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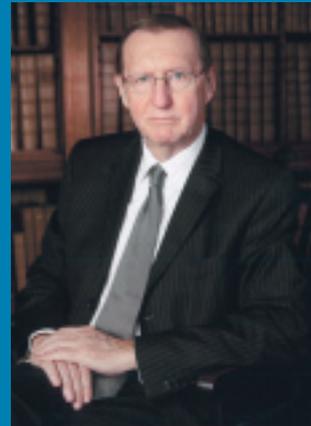
**David Wildasin**  
University of Kentucky

**Jay Wilson**  
Michigan State University

**Hannes Winner**  
University of Salzburg

**George Zodrow**  
Rice University

Sir Derek Morris



# GOVERNANCE

## STEERING COMMITTEE 2010-2011

**Professor Stephen Bond**  
Economics Department

**Professor Michael P Devereux**  
Centre for Business Taxation

**Professor Judith Freedman**  
Law Faculty

**Professor Clemens Fuest**  
Centre for Business Taxation

**Professor Iain McLean**  
(resigned January 2011)  
Politics Department

**Professor Peter Neary**  
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**Mr Edwin Simpson**  
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**Dr Dimitrios Tsomocos**  
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**Professor Roy Westbrook (Chair)**  
Saïd Business School

## ADVISORY BOARD 2010-11

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Centre for Business Taxation

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(resigned March 2011)  
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Oxford University

**Professor Joel Slemrod**  
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**Mr Edward Troup**  
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**Dr Chris Wales**  
FTI Consulting

# FINANCIAL SUPPORT

The Centre receives financial support from a number of sources.

## ECONOMIC AND SOCIAL RESEARCH COUNCIL

The Centre gratefully acknowledges the significant funding it receives from the Economic and Social Research Council (ESRC). The Centre has received two grants from the Council:

- Business, Taxation and Welfare  
Ref: RES-060-25-0033
- Company births and deaths:  
investigating the role of taxation  
Ref: RES-194-23-0012

## PROJECT SPECIFIC FUNDING

The Centre accepts commissions to carry out independent academic research from government and non-governmental organisations. It does not and will not accept commissions from any organisation where the independence of the Centre might be compromised or where a potential conflict of interest might arise. In the past year, the Centre has carried out research funded by the following organisations:

- UK Department for International Development (ICTD)
- Humanistische Stiftung

## DONATIONS FROM COMPANIES

The Centre for Business Taxation was founded using generous funding from companies from the Hundred Group. Subsequently, other companies have also offered us their support. The Centre is grateful for this financial support, which continues and which is vital to support the work of the Centre. Companies who currently support the Centre are listed below.

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