

**NAKE Topics Course
International Capital Taxation
Spring 2011**

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Course Description

This course presents an overview of key topics in the taxation of international capital income. Topics include the determinants of source-based capital tax competition, the empirics of capital taxation, alternative blueprints for fundamental capital income tax reform, taxation and profit shifting by multinationals, double taxation and mergers and acquisitions, the role of tax havens and preferential tax regimes in tax setting, and cross-border tax information sharing under residence-based capital taxes.

Credits

3 ECTS

Prerequisites

Graduate Microeconomics and Undergraduate Public Economics.

Examination

In-class presentations count for 20 percent toward your grade. A written exam counts for the remaining 80 percent.

Reading List

Main text: Gordon, R.H. and J.R. Hines (2002), "International Taxation" in Auerbach, Alan J. and Martin Feldstein (eds.) *Handbook of Public Economics*, Vol. 4, Amsterdam: Elsevier Science.

1-2. The Basic Tax Competition Model and its Extensions

Baldwin, R. and P. Krugman (2004), "Agglomeration, Integration and Tax Harmonization," *European Economic Review* 48, 1–23.

Bucovetsky, S. and J.D. Wilson (1991), "Tax Competition with Two Tax Instruments," *Regional Science and Urban Economics* 21, 333–350.

Wilson, J.D. (1999), "Theories of Tax Competition," *National Tax Journal* 52, 269–304.

Wildasin, D. E. and J.D. Wilson (2001), "Tax Competition: Bane or Boon?" *Journal of Public Economics* 88, 1065-1091.

Zodrow, G.R. and P. Mieszkowski (1986), "Pigou, Tiebout, Property Taxation and the Underprovision of Local Public Goods," *Journal of Urban Economics* 19, 356-370.

3. Why Tax Capital? Theory, Empirics, and Reform Proposals

Devereux, M.P., B. Lockwood, and M. Redoano (2008), "Do Countries Compete over Corporate Tax Rates?" *Journal of Public Economics* 92, 1210-1235

Keen, M. and D. Wildasin (2004), "Pareto-Efficient International Taxation," *American Economic Review* 94, 259-275.

Slemrod, J. (2004), "Are Corporate Tax Rates, or Countries, Converging?" *Journal of Public Economics* 88, 1169-1186.

Sørensen, S.B. (2007), "Can Capital Income Taxes Survive? And Should They?" *CESifo Economic Studies* 53, 172-228.

4. Harmful Tax Practices: Tax Havens and Preferential Tax Regimes

Janeba, E. and W. Peters (1999), "Tax Evasion, Tax Competition, and the Gains from Nondiscrimination: The Case of Interest Taxation in Europe," *Economic Journal* 109, 93-101.

Keen, M. (2001), "Preferential Regimes Can Make Tax Competition Less Harmful," *National Tax Journal* 54, 757-762.

Slemrod, J. and J.D. Wilson (2009), "Tax Competition with Parasitic Tax Havens," *Journal of Public Economics* 93, 1261-1270.

Dharmapala, D. and J. R. Hines (2009), "Which Countries Become Tax Havens?" *Journal of Public Economics* 93, 1058-1068

5. Taxes and the Behavior of Multinationals

Altshuler, R. and H. Grubert (2003), "Repatriation Taxes, Repatriation Strategies and Multinational Financial Policy," *Journal of Public Economics* 87, 73-107.

Clausing, K.A. (2003), "Tax-Motivated Transfer Pricing and U.S. Intrafirm Trade Prices," *Journal of Public Economics* 87, 2207-2223.

Desai, M.A., C.F. Foley, and J.R. Hines (2006), "The Demand for Tax Haven Operations," *Journal of Public Economics* 90, 513-531.

Huizinga, H.P. and J. Voget (2009). "International Taxation and the Direction and Volume of Cross-Border M&As," *Journal of Finance* 64, 1217-1249.

6. Addressing Tax Evasion under the Residence Principle

Bacchetta, P., and M.P. Espinosa (1995), "Information Sharing and Tax Competition among Governments," *Journal of International Economics* 39, 103-121.

Huizinga, H. and S.B. Nielsen (2003), "Withholding Taxes or Information Exchange: The Taxation of International Interest Flows," *Journal of Public Economics* 87, 39-72.

Keen, M. and J.E. Ligthart (2006), "Information Sharing and International Taxation: A Primer," *International Tax and Public Finance* 13, 81-110.