

Georg-August-Universität Göttingen Module M.WIWI-VWL.0101: Theory and Politics of International Taxation	6 C 4 WLH
Learning outcome, core skills: After successful completion of the course students will have the following competencies: <ul style="list-style-type: none"> • knowledge of the basic institutional rules governing the taxation of international income flows, • understanding how these rules affect the efficient international allocation of capital and savings, • knowledge of some instruments used by multinational corporations for shifting profits, and assess the policy measures proposed by the OECD and the EU to limit erosion of tax bases, • understanding the possibilities and limitations of intergovernmental co-ordination of tax policies, • participants will learn to explain the impact of international taxation on economic decisions verbally and graphically, • they will be able to analyze problems in international taxation by solving simple theoretical models, • they will learn how to discuss international co-ordination of tax policy from a scientific background. 	Workload: Attendance time: 56 h Self-study time: 124 h
Course: M.WIWI-VWL.0101.Lec Theory and Politics of International Taxation (Lecture) <i>Contents:</i> 1. Basics of international taxation Introduction into the principles of international taxation and the methods to avoid double taxation. Description of EU directives concerning taxation of cross-border income flows. 2. Worldwide efficiency of capital income taxation Analytical derivation of efficiency conditions for capital and savings (capital export and capital import neutrality) with reference to the methods to avoid double taxation. 3. Optimal taxes in a small open economy Analysis of capital income taxation in source and residence countries. Examination of other tax bases and empirical studies on taxation effects. 4. Profit shifting: Instruments Introduction into the basics of profit shifting by multinational corporations induced by international differences in taxation and analysis of transfer prices from the firm's and the state's perspective. Analysis of debt finance and intangible assets as means to shift profits. 5. Profit shifting: Evidence and policy Selected empirical results on profit shifting. Measures by the OECD and the EU to counter base erosion by profit shifting. 6. Cash-flow taxes	2 WLH

<p>Concept of cash flow vs. income tax. Impact of source based vs. destination based cash flow tax on profit shifting and trade.</p> <p>7. Commodity taxation and the European Value Added Tax</p> <p>Definition of destination and origin principles. Allocative equivalence of both principles in general equilibrium. Basics of the EU VAT system. VAT fraud and the Commission's proposal for a definitive VAT system.</p>	
<p>Course: M.WIWI-VWL.0101.Ex Theory and Politics of International Taxation (Exercise) <i>Contents:</i> The tutorial accompanies the lecture with exercises and revision.</p>	2 WLH
<p>Examination: Written examination (90 minutes) M.WIWI-VWL.0101.Mp: Theory and Politics of International Taxation</p>	6 C
<p>Examination requirements:</p> <p>Participants are required to show their understanding of the principles of international taxation, the allocation and incidence effects of taxation of internationally mobile factors and goods under different international tax regimes, the causes and effects of tax motivated profit shifting as well as the co-ordination of tax policies in the European Union. To do this, they must be able to answer questions about institutional and empirical facts, solve simple microeconomic models and apply analytical results and economic reasoning to topical policy issues.</p>	
<p>Admission requirements: none</p>	<p>Recommended previous knowledge: Basic knowledge of theory of taxation and institutions of international taxation</p>
<p>Language: English</p>	<p>Person responsible for module: Prof. Dr. Robert Schwager</p>
<p>Course frequency: each summer semester</p>	<p>Duration: 1 semester[s]</p>
<p>Number of repeat examinations permitted: twice</p>	<p>Recommended semester: 1 - 4</p>