

Tax and Public Finance  
Summer term 2023, 3h/week  
Tuesdays, 16:15 – 18:30

Professor Dr. Alfons J. Weichenrieder

## Syllabus

The course covers recent and seminal research in taxation and public finance and gives an overview of important research frontiers in the field. Particular attention will be given to the effects of business taxation, to optimal taxation, international taxation and environmental taxation.

### Learning Goals

- Students will learn to apply microeconomic concepts to problems in tax policy (LGMSQ-1).
- Students will be endowed with theoretical concepts to discuss tax issues and tax reforms from an efficiency and a distributional perspective (LGMSQ-3).

Course requirements: Students need to submit a term paper (~14-17 text pages) and make a presentation on the topic towards the end of the seminar.

*11 April 2023. Session 1: Introduction and Allocation of Seminar Topics;  
Optimal Indirect Taxation 1: Inverse Elasticity Rule*

*18 April 2023. Session 2: Optimal Indirect Taxation 2: Corlett-Hague Rule and Production Efficiency Theorem*

*25 April 2023. Session 3: Optimal Income Taxation*

*02 May 2023. Session 4: Taxation and Risk Taking I*

*09 May 2023. Session 5: Taxation and Risk Taking II*

*16 May 2023. No Meeting.*

*23 May 2023. Session 6: International Tax Competition*

*30 May 2023. Session 7: The Taxation of Multinational Companies*

*06 June 2023. Session 8: Green Taxation*

*13 June 2023. Session 9: Redistribution, the Rich and CO2 Emissions*

*20 June 2023. No Meeting*

*27 June 2023. Session 10: Public Policy, Energy and Climate Economics*

*04 July 2023. Session 11: Reserved for student presentations*

*11 July 2023. Session 12: Reserved for student presentations*

*Literature:*

Sessions 1-3:

Boadway, Robin W. (2012), *From Optimal Tax Theory to Tax Policy*, Chapter 3, Cambridge, MA: MIT Press. [E-Book available via Uni library.]

Sessions 4-5:

Buchholz, Wolfgang and Kai A. Konrad (2014), *Taxes on Risky Returns — An Update*, Working Paper of the Max Planck Institute for Tax Law and Public Finance No. 2014-10. [<http://www.tax.mpg.de/RePEc/mpi/wpaper/TAX-MPG-RPS-2014-10.pdf> ]

Session 6:

Haufler, Andreas (2001), *Taxation in a Global Economy*. Oxford: Oxford University Press, Chapter 4-5. [E-Book available via Uni library.]

Session 7:

Mintz, Jack and Alfons Weichenrieder (2010), *The Indirect Side of Direct Investment*. Cambridge: MIT Press, Chapter 1-3. [E-Book available via Uni library.]

Session 8:

Fullerton, Don und Gilbert E.M. (1998), *Environmental Taxes and the Double-Dividend Hypothesis: Did You Really Expect Something for Nothing?* *Chicago-Kent Law Review* 73, 221-256.

Session 9:

Gürer, Eren and Alfons J. Weichenrieder (2022), *Is There a Green Dividend of National Redistribution?* CESifo Working Paper No. 9986, <https://ssrn.com/abstract=4241626>.

Hänsel, Martin C., Max Franks, Matthias Kalkuhl and Ottmar Edenhofer (2022), *Optimal Carbon Taxation and Horizontal Equity: A Welfare-theoretic Approach with Application to German Household Data*, *Journal of Environmental Economics and Management* 116, 102730.

Session 10:

TBA

*Suggestions and Introductory Literature for Student Term Papers*

1. The Role of Moral Preferences for the Choice of Environmental Taxes

- Van Long, Ngo and Frank Stähler (2012), "Should the Good and the Selfish be Taxed Differently?", *Scandinavian Journal of Economics* 114, 932-948.
- Eichner, Thomas and Rüdiger Pethig (2020), „Climate Policy and Moral Consumers“, forthcoming in: *Scandinavian Journal of Economics*, available at <https://ethz.ch/content/dam/ethz/special-interest/mtec/cer-eth/resource-econ-dam/documents/research/sured/sured-2020/Climate%20policy%20and%20moral%20consumers.pdf> .

2. Environmental Regulation: When is Grandfathering or Vintage Differentiation Optimal?

- Damon, Maria, Daniel H. Cole, Elinor Ostrom and Thomas Sterner (2019), "Grandfathering: Environmental Uses and Impacts", *Review of Environmental Economics and Policy* 13, 23-42.
- Coysha, Daniel, Nick Johnstone, Tomasz Kozluk, Daniel Nachtigall, Miguel Cárdenas Rodríguez (2020), "Vintage Differentiated Regulations and Plant Survival: Evidence from Coal-fired Power Plants", *Ecological Economics* 176, 106710.

3. Is There a Role for a Wealth Tax in an Optimal Tax System?

- Scheuer, Florian and Joel Slemrod (2021), "Taxing our Wealth", *Journal of Economic Perspectives* 35, 207-230.
- Guvenen, Fatih, Gueorgui Kambourov, Burhanettin Kuruscu, Sergio Ocampo-Diaz, Daphne Chen (2019), *Use It or Lose It: Efficiency Gains from Wealth Taxation*, NBER Working Paper 26284.

4. Losses and the Rational for Tax Loss Offset Restrictions

- Fochmann, Martin, Jacob, Martin (2015), "A Utility-Based Explanation of Tax Asymmetries", *World Tax Journal* 7, 329-342.
- Mehrmann, Annika and Sureth-Sloane, Caren (2017), *Tax Loss Offset Restrictions and Biased Perception of Risky Investments*, WU International Taxation Research Paper Series No. 2017-11, <https://ssrn.com/abstract=3046543>.
- Ewert, Ralf and Rainer Niemann (2012), "Limited Liability, Asymmetric Taxation, and Risk Taking - Why Partial Tax Neutralities Can Be Harmful", *FinanzArchiv: Public Finance Analysis* 68, 83-120.

5. Why Do Multinationals Use Tax Haven Operations?

- Hebous, Shafik and Vilen Lipatov (2014): "A Journey from a Corruption Port to a Tax Haven", *Journal of Comparative Economics* 42, 739-754.
- Gumpert Anna, James R. Hines Jr. and Monika Schnitzer (2016): "Multinational Firms and Tax Havens", *Review of Economics and Statistics* 98, 713-727.
- Desai, Mihir A., C. Fritz Foley and James R. Hines (2006): "The Demand for Tax Haven Operations", *Journal of Public Economics* 90, 513-531.
- Schjelderup, Guttorm (2016): "Secrecy Jurisdictions", *International Tax and Public Finance* 23, 168-189.

6. Tax Avoidance and the Quantitative Role of Tax Havens

- Fuest, Clemens, Felix Hugger and Florian Neumeier (2021), *Corporate profit shifting and the role of tax havens: Evidence from German country-by-country reporting data*, CESifo working papers No. 8838.
- Annette Alstadsæter, Niels Johannesen, Gabriel Zucman (2018), "Who owns the wealth in tax havens? Macro evidence and implications for global inequality", *Journal of Public Economics* 162, 89-100.
- Thomas R. Tørsløv, Ludvig S. Wier and Gabriel (2018), *The Missing Profits of Nations*, NBER Working Paper No. 24701.

7. The Earmarking of Tax Revenues: Are There Possible Justifications?

- Brett, Craig and Michael Keen (2000), "Political Uncertainty and the Earmarking of Environmental Taxes", *Journal of Public Economics* 75, 315-340.
- Wilkinson, Margaret (1994), "Paying for Public Spending: Is there a Role for Earmarked Taxes?", *Fiscal Studies* 15 119-135.

8. Is There a Case for a Robot Tax?

- Guerreiro, Joao, Sergio Rebelo and Pedro Teles (2017): *Should Robots Be Taxed?*, Working Paper 23806, National Bureau of Economic Research (NBER).
- Thuemmel, Uwe (2018) *Optimal Taxation of Robots*, CESifo Working Paper No. 7317, Available at SSRN: <https://ssrn.com/abstract=3338646>.