



UNIVERSITÄT
BAYREUTH

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Syllabus

Seminar on Political Economy

„International action to tax the global economy between cooperation and conflict“

1. Dates, times and room

- June 25 to 27
- 9:00 to 16:00 (block course)
- Room S42, RW1

2. Content

The OECD/G20 Project on Tax Base Erosion and Profit Shifting (or BEPS Project) is aimed at creating an international framework to combat tax avoidance by multinational enterprises (MNEs) using tax base erosion and profit shifting instruments. The project, led by the OECD Committee on Fiscal Affairs, began in 2013 with OECD and G20 countries amid the financial crisis and tax affairs (e.g., offshore leaks). Currently the project is under implementation, with more than one hundred countries involved, including most developing countries. The „BEPS package“ has been developed by participating members on an equal footing, as well as by extensive consultations with jurisdictions and stakeholders, including businesses, academics, and civil society. Since 2016, the OECD/G20 Inclusive Framework on BEPS has provided a platform for its 140 members to work on an equality plan to address BEPS, including through peer review of the BEPS minimum standards and monitoring the implementation of the BEPS package.

In this course, we will review and discuss the profit shifting of MNEs and the main steps of the BEPS project, starting from the EU work on capital taxation in the framework of the crisis of the international tax rule system, which led to the „season of conflict“ between the two sides of the

Atlantic. We will study the main content of the BEPS 2.0 project: Pillar One and Pillar Two. Pillar One, which applies to large multinationals, will reallocate certain amounts of taxable income to market jurisdictions, resulting in a change in effective tax rate and cash tax obligations. The timing for the introduction of Pillar One is unknown and depends on its acceptance by a critical mass of jurisdictions. Pillar Two aims to ensure that the MNE income is taxed at an appropriate rate, independently of its geographical allocation, and has several mechanisms to ensure this tax is paid.

3. Target Group

The participants of this seminar should be familiar with regression analysis (OLS, Instrumental Variables etc.) and, as such, have a very solid understanding of how to read and interpret econometric output. It is preferably (but not strictly necessary) that participants are familiar with basic concepts of public finance, especially regarding corporate income taxation.

The target group are master students in Economics, Internationale Wirtschaft & Governance, Philosophy & Economics, Development Studies as well as History & Economics. Advanced Bachelor students may also participate if they have prior experience in empirical analysis (e.g. if they have followed a course in empirical economics). Please note that master students receive priority in the case of overbooking.

4. Accreditation

Students can earn credit points for the following degree programs:

- Economics (M.Sc.): „Theorie und Empirie der gesellschaftlichen“
- Internationale Wirtschaft und Governance (M.A.): „Economics, Governance and Development“, „Theorie und Empirie der gesellschaftlichen Entwicklung“
- Philosophy & Economics (M.A.): „Specialization“
- Development Studies (M.A.): D3, D4
- History & Economics (M.A.): „Theorie und Empirie der gesellschaftlichen Entwicklung“
- Bachelor: depending on their program

5. Evaluation

Seminar participants are required to prepare a written seminar paper (approx. 3,000 words for Master students and 2,000 words for Bachelor students) on a research article of choice (from provided list).

6. Organization & Pre-Registration

- Lecturer: Professor Dr. Giuseppe Di Liddo (Guest Professor)
- The lecturer will introduce the students to the topics of the course to prepare them for the term paper. Active participation during the classes is expected.
- The seminar is limited to 15 participants.
- Pre-Registration until Friday, June 14 is required for organizational purposes via the following form:

<https://forms.gle/Fps3KzDnn1b3i6ZF9>

- For remaining questions regarding the content or organization of the seminar, please send an email to the lecturer at giuseppe.diliddo@uniba.it.

7. Literature

Students are required to select one article from the following list as a topic for their term paper. They are further required to search for additional literature when preparing their course work.

1. Alstadsæter, A. - Godar, S. - Nicolaides, P. - Zucman, G. (2024). Global Tax Evasion Report 2024. EUTAX observatory.
2. Asen, E. (2021). What we know: Reviewing the academic literature on profit shifting. *Tax Notes Federal*, 171: 1211-1223.
3. Baraké, M. - Chouc, P.-E. - Neef, T. - Zucman, G. (2022). Revenue effects of the global minimum tax under pillar two. *Intertax*, 50(10): 689–710.
4. Baraké, M. - Le Pouhaër, E. (2023). Tax revenue from pillar one amount a: Country-by-country estimates. EU Tax Observatory. Paris School of Economics. WORKING PAPER, 2023-12.
5. Clausing, K. A. (2020). How big is profit shifting? Available at SSRN 3503091.
6. Dharmapala, D. (2014). What do we know about base erosion and profit shifting? A review of the empirical literature. *Fiscal Studies*, 35(4): 421-448.

7. Devereux, M. P. - Auerbach, A. J. - Keen, M. - Oosterhuis, P. - Schön, W. - Vella, J. (2021). Destination-Based Cash Flow Taxation. In *Taxing Profit in a Global Economy*. Oxford University Press.
8. Devereux, M. P. - Simmler, M. (2021). Who will pay amount A? Technical report, EconPol Policy Brief.
9. Hines Jr, J. R. (2014). How serious is the problem of base erosion and profit shifting?. Available at: <https://repository.law.umich.edu/articles/1379>.
10. Mason, R. (2023). Legal Problems with Digital Taxes in the United States and Europe. In Elliffe, C., *International Tax at the Crossroads Institutional and Policy Reform in the Era of Digitalisation*. Edward Elgar.
11. OECD (2022a). Progress Report on Amount A of Pillar One, Two-Pillar Solution to the Tax Challenges of the Digitalisation of the Economy, OECD/G20 Base Erosion and Profit Shifting Project. OECD Publishing, Paris.
12. OECD (2022b). Tax Challenges Arising from the Digitalisation of the Economy Commentary to the Global Anti-Base Erosion Model Rules (Pillar Two). OECD Publishing, Paris.
13. OECD (2022c). Tax Incentives and the Global Minimum Corporate Tax: Reconsidering Tax Incentives After the GloBE Rules. OECD Publishing, Paris.
14. OECD (2022d). Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations 2022. OECD Publishing, Paris.
15. O'Reilly, P. - Hanappi, T. - Delpeuch, S. - Hugger, F. - Whyman, D. (2023). Update to the economic impact assessment of pillar one: OECD/G20 base erosion and profit shifting project. OECD Taxation Working Papers, 66.
16. Perry, V. J. (2023). Pillar 2: tax competition in low-income countries and substance-based income exclusion. *Fiscal Studies*, 44(1): 23–36.
17. Tørsløv, T., Wier, L., & Zucman, G. (2023). The missing profits of nations. *The Review of Economic Studies*, 90(3): 1499-1534.