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OXFORD UNIVERSITY CENTRE FOR BUSINESS TAXATION

ANNUAL REPORT 2007/08



OXFORD UNIVERSITY
**CENTRE FOR
BUSINESS TAXATION**

OXFORD UNIVERSITY CENTRE FOR BUSINESS TAXATION

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 interdisciplinary and multidisciplinary research into the aims, practices 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.

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Professor Michael Devereux



WELCOME

This is the third annual report of the Centre for Business Taxation, a research centre of the Saïd Business School of Oxford University. It summarises the Centre's activities between August 2007 and July 2008.

An important part of the Centre's activities since my appointment in September 2006 has been to build a first-class research team. This has now been achieved. From October 2008, the Centre will have ten full-time research staff, including a new research director, Professor Clemens Fuest. The research staff reflect the international outlook of the Centre, incorporating seven different nationalities. We also have six programme directors, professors of economics or law from the Universities of Oxford, Warwick, St Andrews and Erasmus, Rotterdam.

The Centre has also established itself by producing first-class academic research and by making a central contribution to the policy debate in the UK, Europe and elsewhere. Our policy contributions are informed by our research, and our research learns from our involvement in the policy debate. Our research benefits particularly from close interaction not only with other academics, especially in economics and law, but with both business and government.

The main news from the Centre is summarised on page 5 of this report. Some of the highlights of our research results are presented on pages 6 and 7, and a brief description of some of our policy involvement is shown on page 8. Further information on the Centre's activities is available at www.sbs.ox.ac.uk/tax.

Michael P. Devereux
Director

CONTENTS

05	DEVELOPMENTS AND NEWS
06	RESEARCH HIGHLIGHTS
08	POLICY INVOLVEMENT
09	RESEARCH PROJECTS
12	CONFERENCES AND OTHER EVENTS
16	NEW STAFF
18	NEW INTERNATIONAL RESEARCH FELLOWS
20	VISITORS
22	EXTERNAL PUBLICATIONS
24	EXTERNAL PRESENTATIONS
26	CENTRE WORKING PAPERS
32	MEDIA COVERAGE
34	CENTRE STAFF
35	INTERNATIONAL RESEARCH FELLOWS
36	STEERING COMMITTEE AND ADVISORY BOARD
38	DONORS

DEVELOPMENTS AND NEWS

THE CENTRE HAS BEEN AWARDED £2.5 MILLION FROM THE ESRC UNDER ITS LARGE GRANTS SCHEME

The project, led by the Centre's Director, Professor Michael Devereux, with Professors Wiji Arulampalam, Stephen Bond, Judith Freedman, Ben Lockwood, and David Ulph, will run for four years from October 2008.

CLEMENS FUEST HAS BEEN APPOINTED RESEARCH DIRECTOR

Professor Fuest was previously Professor of Public Economics at the University of Cologne, and takes up his position in October 2008. His appointment will strengthen the academic leadership of the Centre.

FROM OCTOBER 2008 THE CENTRE WILL HAVE TEN FULL-TIME RESEARCH STAFF IN ECONOMICS AND LAW

The Centre also has six Programme Directors, professors of economics or law at the universities of Oxford, Warwick, St Andrews and Erasmus, Rotterdam.

FOUR SENIOR LAWYERS HAVE BEEN APPOINTED INTERNATIONAL RESEARCH FELLOWS

This brings the number of International Research Fellows to nearly fifty. They comprise the world's leading researchers in business taxation.

MICHAEL DEVEREUX HAS BEEN APPOINTED TO THE BUSINESS-GOVERNMENT FORUM ON TAX AND GLOBALISATION

The group, chaired by Financial Secretary to the Treasury, includes senior representatives of multinational companies and government. The appointment reflects the central contribution of the Centre to the UK debate on the taxation of foreign profits.

MICHAEL DEVEREUX AND JUDITH FREEDMAN HAVE BEEN APPOINTED TO A NEW HMRC PANEL OF INTERNATIONAL ACADEMIC EXPERTISE ON BUSINESS TAX

Michael Devereux also continues to serve on the HMRC Business Tax Forum.

CENTRE RESEARCH HAS BEEN CITED AT THE EUROPEAN COURT OF JUSTICE AND THE HIGH COURT OF IRELAND

The research is by Rita de la Feria, Senior Research Fellow of the Centre.

THE CENTRE HAS UNDERTAKEN AN IMPACT ASSESSMENT OF THE INTRODUCTION OF A COMMON CONSOLIDATED TAX BASE IN THE EU

The Impact Assessment was commissioned by the European Commission as part of the development of its proposal for the CCCTB.

MICHAEL DEVEREUX AND JUDITH FREEDMAN GAVE EVIDENCE TO THE HOUSE OF LORDS ECONOMIC AFFAIRS SUB-COMMITTEE ON THE FINANCE BILL

MICHAEL DEVEREUX GAVE A PRESENTATION TO THE OECD COMMITTEE OF FISCAL AFFAIRS

THE CENTRE HAS BEEN WIDELY CITED IN THE PRESS AND OTHER MEDIA

References to the Centre have been made in the Financial Times, New York Times, The Economist, and on BBC radio, and in many other publications.

THE CENTRE HAS HELD SEVERAL EVENTS DURING THE YEAR

These include conferences covering a number of aspects of policy, breakfast briefings and academic seminars. Staff have also made presentations at a large number of other events.

THE CENTRE HAS PUBLISHED A RANGE OF WRITTEN OUTPUT

Centre publications include eighteen new academic working papers and a book based on contributions to its 2007 summer conference, *Beyond Boundaries: Developing Approaches to Tax Avoidance and Tax Risk Management*. Staff have also published extensively in external publications.

RESEARCH HIGHLIGHTS

Centre researchers undertook a number of research projects during the year, covering a variety of economic, legal and administrative aspects of business taxation. Some of the key results of this research are set out here.

WHO ULTIMATELY BEARS CORPORATION TAX?

Ultimately individuals must bear any tax burden. But it is not clear which individuals bear the ultimate burden of corporation tax. It could fall on the owners of the company, reducing their post-tax income. But it could also fall on suppliers, on consumers or – by reducing wages or the number of jobs – on the workforce. An innovative project in the Centre has used data from over 55,000 companies in nine European countries to ask how far corporation tax is shifted onto the workforce.

Our central finding is that, holding constant other factors, a reduction of £1 in the tax liability of a firm would in the long run raise the wage bill by 92 pence. This indicates a substantial part of the corporation tax liability is in fact borne by the workforce.

Note though, that since wages are deductible from tax, the rise in wages would induce a further fall in tax, which would be captured by the shareholders. For example, at a tax rate of 30%, tax would fall by a further 28 pence, allowing post-tax profit to rise by around 36 pence. The large effect of taxes on wages is therefore broadly consistent with the fact that, on average in these companies, the wage bill represents about two thirds of value added.

TAX RISK AND TAX AVOIDANCE: WHAT PROGRESS WITH VARNEY?

A new detailed survey of UK tax directors and other stakeholders conducted by the Centre provides evidence that the relationship between HMRC and large UK businesses is improving, following the implementation of the Varney Review which examined that relationship. But the Client Relationship Manager is crucial: investment in recruitment, retention and training of good CRMs is vital.

HMRC now assesses large companies according to their 'risk'. This risk rating is now widely understood to be based on behavioural rather than structural factors although there is still a belief amongst some companies that their level of inherent complexity is a barrier to a lower rating. Measuring behaviour through transparency and disclosure is generally considered to be positive and attainable. However, incorporating tax planning remains of equivocal value: there are some companies for which the potential benefits of a low risk rating do not outweigh the value of being able to use all legal methods to minimise tax costs.

Despite support for the idea of principles-based legislation, many considered draft legislation and some targeted anti-avoidance rules (TAARS) with motive based tests to have considerable problems. Work done in HMRC on improving resource allocation, speed of settlement, and trust generally between HMRC and large taxpayers is applauded but the problem of drawing the line between tax planning and tax avoidance (in the pejorative sense) remains one to be solved.

WHAT WOULD BE ECONOMIC CONSEQUENCES OF THE CCCTB?

If implemented, the European Commission's plans for a Common Consolidated Corporate Tax Base (CCCTB) would be the most radical reform of international corporate taxation in Europe for a century. The Centre has undertaken significant research on a number of aspects of this proposal, and has been commissioned to undertake an impact assessment by the Commission.

Using unconsolidated accounting data for several thousand companies, we have investigated the likely impact on tax revenues in EU member states. Taking pre-tax profit as given, we estimate that overall EU corporation tax revenues would fall by 2.5% if companies had the option to participate. By contrast, if companies were denied this option, overall revenues would rise by more than 2%. This would leave some countries – such as Spain, Sweden and the United Kingdom – better off, but others – such as Denmark, Finland, Ireland and Italy – worse off. We investigate how sensitive these results are to the apportionment factors used.

We also assess the impact of the CCCTB on incentives to locate investment in different member states, taking into account the advantages of consolidation across member states, as well as the effects of apportionment. The results suggest that the CCCTB would significantly improve the balance of competition between companies resident in different countries. However, it would have only a small effect in reducing the impact of taxes on location decisions.

‘A ...recent Oxford University study by Wiji Arulampalam, Michael P. Devereux and Giorgia Maffini ...[found] that “a substantial part of the corporation income tax is passed on to the labor force in the form of lower wages”.’

N. Gregory Mankiw in *The New York Times*, 01 June 08

DO TAXES AFFECT THE LOCATION OF CORPORATE HEADQUARTERS?

The relocation of corporate headquarters has become a pressing issue in the UK. Research in the Centre has examined the evidence of the effects of taxation on relocation decisions. During the decade 1997 to 2007, data indicate that around 6% of multinational companies moved headquarters to a different country. Results indicate that taxes do have an effect in countries which tax foreign source dividends, such as the UK and the USA. Preliminary empirical results suggest that in these countries, the higher the tax due on the receipt of such dividends the more likely a company is to relocate its headquarters to a country which exempts such dividends.

IS THERE A NEW GENERAL PRINCIPLE OF ABUSE OF COMMUNITY LAW?

The European Court of Justice (ECJ) has been alluding to abuse and abusive practices in its rulings for more than thirty years, although for a long time the significance of these references was unclear. This state of affairs has now changed radically, largely due to jurisprudential developments within the field of tax. The aim of this project is to analyse the evolution of the Court’s case law on abuse, from its origins to the latest rulings on taxation, in order to determine whether the ECJ references to abuse of law amount to a new general principle of Community law and, if so, what are the legal implications. This work is the subject of a major Centre conference held in October 2008, with the publication of a book based on contributions from leading experts in European Community law expected in 2009.

FUNDAMENTAL REFORM OF CORPORATION TAX

The Centre has made two central contributions to the business taxation aspects of the Institute for Fiscal Studies (IFS) Mirrlees review of the fundamental structure of the tax system. One contribution concerns international issues, and questions whether the existing international standards for the allocation of corporate profit between countries can any longer be justified in such a globalised world. It explores conceptual issues of such allocation, and explores basic alternatives, such as an allocation based on the destination of a sale to a final consumer. Related research has re-examined the optimal structure of international tax on business from the perspective both of the world at large and of an individual country.

The other contribution considers the taxation of small, owner-managed businesses, focusing on the difficulties created by treating employees, unincorporated and incorporated businesses differently for tax purposes. These difficulties cannot be ignored when designing a system for taxing corporations more generally. We argue against some commonly-made proposals – for example, for blanket tax incentives for small firms and differentiation between legal forms. Instead, we examine methods of aligning the effective tax treatment of different legal forms.

HOW ARE PRODUCTIVITY COMPARISONS AFFECTED BY PROFIT SHIFTING?

A significant amount of economic research has identified that multinational firms are more productive than purely domestic firms. But this research does not take into account that measured productivity differentials may be affected by profit shifting. If multinationals are able to shift income to lower-taxed countries, then the measured differential would be higher in low-taxed countries and lower in high-taxed countries. Comparing the differential in productivity between these two groups of firms across countries makes it possible to identify whether the measured differential is affected by taxes. Using data on around 16,000 companies, this project finds that, on average, a ten percentage-point cut in the statutory corporate tax rate in a country would increase the measured differential by 44%. The differential is therefore very sensitive to the tax rate. This suggests that comparisons in the productivity of multinational firms and domestic firms should be treated with some care.

On Foreign profits:

'The government's proposals go far beyond what is reasonable to protect Britain's tax base, says Michael Devereux, a professor at the Oxford University Centre for Business Taxation.'

The Economist, 10 May 08

POLICY INVOLVEMENT

During the year Centre staff have been active in policy debates on business tax in the UK, the EU and elsewhere. This has involved considerable informal contact with HM Treasury, HMRC, the European Commission and other agencies. More formal contributions are listed here.

Michael Devereux is a member of several consultative groups in HM Treasury and HMRC:

Business-Government Forum on Tax and Globalisation

Business Tax Forum

'Overall Strand' group for consultation on foreign profits

Michael Devereux and Judith Freedman are both members of the HMRC Panel of International Academic Expertise on Business Tax.

Michael Devereux presented research to the Advisory Panel on Canada's System of International Taxation, May 2008, and the OECD Committee of Fiscal Affairs, June 2008.

Michael Devereux taught a module on business tax as part of a course on public economics, to HM Treasury and HMRC officials, June 2008.

Michael Devereux and Judith Freedman contributed as invited experts to a European Commission meeting on the Common Consolidated Corporate Tax Base, December 2007.

Michael Devereux and Judith Freedman gave evidence to the House of Lords Finance Bill Sub-Committee of the Economic Affairs Committee, May 2008.



The Rt. Hon. Lord Hoffmann and Richard Thomas at the Centre's summer conference

RESEARCH PROJECTS

The Centre has developed several areas of research activity. This section provides a brief summary of the eight research programmes in progress in 2007–08.

1. WHAT IS THE DISTRIBUTION OF UK CORPORATION TAX ACROSS COMPANIES?

There is very little evidence in the public domain about the distribution of corporation tax payments across companies in the UK. Limited evidence was provided by a National Audit Office report in 2007. This project aims to provide evidence on the corporation tax payments of UK companies using publicly available accounting data. This requires some estimation as detailed information on UK tax payments is not generally available. We test our estimation techniques against Hundred Group data collected by PwC.

Main contact: Simon Loretz

2. WHO ULTIMATELY BEARS CORPORATION TAX?

This project goes beyond identifying how much tax is paid by companies to address the question: which stakeholders of the company are ultimately worse off as a result of corporation tax? Our broad conclusions, based on the detailed analysis of accounting data, are that the majority of corporation tax is passed on to the workforce in the form of lower wages. So far we have abstracted from effects which may arise as taxes create a disincentive to invest, which may therefore result in lower value added. We also plan to investigate more directly the impact of taxes on shareholders through share valuation.

Main contact: Giorgia Maffini

3. HOW DO TAXES AFFECT THE LOCATION AND INVESTMENT DECISIONS?

The impact of business taxes on the real decisions of companies is a central area of economic research for the Centre. Current projects include:

How far do taxes affect the location of corporate headquarters? This project combines data on cross-border acquisitions and accounting data, to identify whether tax plays a role in cases where parent companies are acquired by a foreign company, implying a change of location for the ultimate holding company.

Main contact: Johannes Voget

What is the role of average, as opposed to marginal, effective tax rates on the location of capital? Theory suggests that average tax rates should be important for discrete location choices, but marginal tax rates should be important for investment decisions. This has important implications for the design of corporate taxes, but has not been rigorously tested empirically. This project aims to estimate the effects of tax on these two decisions.

Main contact: Michael Devereux

4. HOW DO TAXES AFFECT FINANCIAL AND PROFIT-SHIFTING DECISIONS?

Differences in corporation tax rates between countries clearly create incentives for multinational companies to move taxable income to lower-taxed countries. But the economic significance of this is not well documented. Current projects include:

An attempt to quantify the impact of differences in tax rates on where accounting profit is located, using unconsolidated accounting data for a large number of companies in EU countries. Preliminary results suggest that a higher tax rate has a significantly negative effect on both pre-tax and post-tax rates of profit.

Main contact: Socrates Mokkas

Studies in the economics literature have typically found that multinational companies have higher labour productivity than purely domestic companies. But shifting of profits by multinational companies would imply that the distinction between multinationals and domestic countries is understated in high tax countries and overstated in low tax countries. Our research supports this hypothesis.

Main contacts: Socrates Mokkas and Giorgia Maffini

The significant differences that apply in most countries to the tax treatment of debt and equity have made thin capitalisation a popular method of international tax planning. As a result, many countries apply thin capitalisation rules. In the context of the proposed European Common Consolidated Corporate Tax Base, we are assessing the need for a common thin capitalisation rule and the principles which should guide its design.

Main contact: Rita de la Feria

'I thought it was an excellent conference with very high quality presentations, but the real benefit for me was that you brought together speakers and participants from all sides of taxation: academics, government, the tax profession and business. This is incredibly beneficial for the future of corporate tax policy in the UK.'

Philip Gillett, former Group Vice President Tax and Treasury, ICI plc, and member of the CBI Tax Task Force

5. TAX ADMINISTRATION AND DESIGN

The broad aim of this project is to examine the developing relationship between HMRC and large businesses in the wake of the Varney Report and the Varney Delivery Plan. The central, but not exclusive, focus of the work has been around tax risk management, the difficulties around establishing a common understanding of tax avoidance and tax planning, and approaches to these phenomena. A pilot survey probed the Varney Delivery Plan, and especially the element of risk rating. A follow-up survey examines the views of a larger number of tax directors taken from a wider pool regarding the policy and practical implications of new approaches to tax legislation, in particular targeted anti-avoidance rules (TAARs) and proposals for principles-based legislative drafting, and how these new approaches relate to developing relationships between HMRC and large businesses in terms of administration and competitiveness. The project aims to analyse these survey results and the issues raised by the Varney approach in the context of the literature on modes and functions of legislation and the rule of law, with particular emphasis on the relationship between legislative rules, legislative principles and non-legislative guidance. Another possibility is to extend the survey work to other stakeholders such as smaller businesses, intermediaries and revenue officials.

Main contact: Judith Freedman

Existing theoretical models of company tax behaviour derive comparative static predictions of various policy initiatives. We are augmenting this work to combine it with welfare economics to produce a welfare evaluation of the effects of different approaches. The theoretical

framework recognises both the supply side as well as the demand side of the tax advice industry.

Main contact: David Ulph

The European Court of Justice has been alluding to abuse and abusive practices in its rulings for more than thirty years, although for a long time the significance of these references was unclear. This state of affairs has now changed radically, largely due to jurisprudential developments within the field of tax. The aim of this project is to analyse the evolution of the Court's case law on abuse, from its origins to the latest rulings on taxation, in order to determine whether the ECJ references to abuse of law amount to a new general principle of Community law and, if so, what are the legal implications.

Main contact: Rita de la Feria

6. THE EUROPEAN COMMISSION'S PROPOSALS FOR A CCCTB

Over several decades the European Commission has proposed a variety of reforms to the European taxation of business. Its current proposal – the Common Consolidated Corporate Tax Base – aims to address several problems, including the absence of loss relief across member states, and the difficulties involved in allocating profit between member states. The Centre is undertaking a number of related projects on these proposals:

We have used unconsolidated accounting data for several thousand companies to investigate the likely impact on tax revenues in EU member states. Introducing CCCTB on a compulsory basis may lead to higher aggregate tax revenues in the EU,

though there would be gainers and losers amongst both companies and revenue authorities. The precise effects depend crucially on the formula used to apportion EU-wide profits between member states.

Main contact: Simon Loretz

To assess the impact of the CCCTB on incentives to locate investment in different member states, we examine the distribution of effective average and marginal tax rates under the proposed system compared to the existing system. This has required a significant extension to existing methodologies of measuring effective tax rates, to allow for loss consolidation and differences across firms in where they locate. The results suggest a mixed outcome: some existing distortions would be reduced, but others increased.

Main contact: Simon Loretz

The Commission itself is funding a more general economic evaluation of the CCCTB. The measures of effective tax rates developed in the Centre feed into a computable general equilibrium model created by CPB in the Netherlands. This will provide a general economic evaluation of the proposals, including an assessment of the likely effect on employment, GDP and economic welfare.

Main contact: Ruud de Mooij

The design of the CCCTB should be guided by general principles of both law and accounting. This project assesses the need for the establishment of such principles from the outset and their interaction in the context of a Comprehensive (C)CCCTB.

Main contact: Judith Freedman

'In a recent paper on headquarter relocations and international taxation, Johannes Voget, of the Oxford University Centre for Business Taxation, said a survey he conducted found that just 6 per cent of multinationals had shifted headquarters to another jurisdiction between 1997 and 2007.'

Irish Times, 16 May 08

7. HOW SHOULD CORPORATE INCOME BE TAXED?

Most of the projects listed here are related to the fundamental question of how corporate income should be taxed. However, some Centre projects specifically address this question.

Two projects undertaken in the Centre for the IFS Mirrlees review of the tax system address fundamental questions surrounding the taxation of corporate income, for both large and small companies. Among other things, they question the entire basis of the existing structure of corporation taxes, which are effectively based on attempting to assess where profit arises.

Main contacts: Michael Devereux and Judith Freedman

A further project evaluates the recent UK proposals to reform the taxation of foreign source income, which assesses the proposals in the context of economic principles for how international income should be taxed. It addresses both the appropriate location for taxation, and the potential distinction between active and passive income.

Main contact: Michael Devereux

A third project, funded by the European Commission, aims to evaluate the properties of two proposals for fundamental reform in corporation tax: ACE – which would give an 'allowance for corporate equity' finance equivalent to that for debt finance – and CBIT – which would remove interest deductibility.

Main contact: Ruud de Mooij

8. VAT

Dating from 1977 and having been subject to various amendments since, the current European VAT system is complex and gives rise to numerous difficulties. Whilst the influence of the ECJ on the development of VAT has been immense, it has been largely insufficient to deal with the many problems. We have three main projects in this area, which consider both the legal and the economic dimensions.

Transactions in shares and other securities are said to be exempt under the Common VAT System Directive. However, in practice, the legal regime applicable to shares is based on the joint interpretation of various inter-connected provisions of the Directive. Within the last 15 years, the ECJ has been called to interpret these provisions. However, the case-law itself gives rise to various difficulties, thereby heightening the legal uncertainty. This project aims at providing an analysis of the case-law of the ECJ, highlighting its evolution, as well as its consequences, from both a practical, and a conceptual, perspective.

Main contact: Rita de la Feria

Within the EU, as in most countries, financial services are exempt from VAT. This exemption gives rise to various difficulties and distortions and the issue of how to treat financial supplies under VAT has become increasingly relevant. In this context, the Centre will assess whether introducing a system similar to that applied under Australian GST – one of the very few countries in the world which applies an alternative to exemption – would be a viable solution for Europe. We are also undertaking a project to consider the European Commission's 2007 proposals to introduce an 'option to tax' financial services.

Main contact: Rita de la Feria

Within the EU the activities and transactions undertaken by public sector bodies are not subject to VAT. The rationale invoked to justify lack of full taxation is of a mixed conceptual and political kind. There is a view that it is almost impossible to establish a single VAT treatment applicable to such bodies: but there is a perception that excluding the products supplied by such bodies from full taxation achieves social and distributional aims. In practice, existing VAT treatment is complex, giving rise to significant legal problems and economic distortions. In this context, this project considers recent development in the current legislative framework to determine whether they constitute positive progress, or whether they represent a subtle move towards a deepening of the system's existing flaws.

Main contact: Rita de la Feria

CONFERENCES AND EVENTS

The Centre held a number of events during the year. A new initiative of Breakfast Briefings drew representatives from business and government in London, and will continue next year, addressing both topical and broader issues. Joint seminar series with the faculties of law and economics at Oxford have continued, and the annual summer conference and academic symposium drew high profile international speakers and delegates from the worlds of academia, law, business and government.

EVENTS

Conference on Taxing Foreign Profits
London, December 2007

Breakfast Briefing on 'Who really pays corporation tax?'
London, May 2008

Conference on Business Taxation in a Globalised World
Oxford, June 2008

Annual Academic Symposium
Oxford, June 2008

Annual Summer Conference
Oxford, June 2008

Conference on Taxation of Multinational Firms
Venice, July 2008

TAXING FOREIGN PROFITS

07 December 2007, London

Following publication of HM Treasury and HMRC's discussion document on taxing foreign profits in June 2007 and the subsequent response and debate, this conference explored the current state of proposals for reforming the taxation of foreign dividends and associated measures. Issues discussed included:

Whether the current, or proposed, taxation of foreign dividends is justified by economic theory

How far the UK is constrained in its choice of regime by judgements of the European Court of Justice

Whether the government's proposals for new controlled companies rules are appropriate, and

Whether there are alternative ways for the government to protect the UK tax base.

Speakers

Philip Baker QC

Michael Devereux
Centre for Business Taxation

James Hines University of Michigan

Ian Menzies-Conacher Barclays

Paul Morton Reed Elsevier

Chris Morgan KPMG

David Taylor Freshfields Bruckhaus Deringer

Mike Williams HM Treasury

WHO REALLY PAYS CORPORATION TAX?

14 May 2008, London

The first Breakfast Briefing presented the Centre's work on the effective incidence of corporation tax, and in particular the extent to which the tax is passed on in the form of lower wages. Michael Devereux presented the research, which provides original empirical evidence on this issue, using data from around 55,000 companies in nine European countries, and which concludes that a substantial part of corporation tax is borne by the workforce. Doug Godden, Rachel Griffith, Chris Wales and other participants discussed issues arising from the research.

Speakers

Michael Devereux
Centre for Business Taxation

Doug Godden
Head of Economic and Fiscal Policy, CBI

Rachel Griffith University College, London, and IFS

Chris Wales Lucida plc



Some of the delegates at the 2008 summer symposium

BUSINESS TAXATION IN A GLOBALISED WORLD

16 June 2008,
Saïd Business School, Oxford

This one day conference was held jointly with *Oxford Review of Economic Policy*. Papers covered a number of topical issues in business policy, including an analysis of the trends in corporation tax and tax competition, a study on the impact of tax havens, a survey of empirical work on the effects of taxes on business behaviour, a review of economic principles for the international taxation of profit, and an analysis of the CCCTB. Papers presented will appear in the Winter 2008 issue of the journal, edited by Michael Devereux.

Speakers

Chris Adam University of Oxford

Chris Allsopp University of Oxford

Michel Aujean Taj – Société d'avocats

Michael Devereux
Centre for Business Taxation

Dharmika Dharmapala
University of Connecticut

David Duff University of Toronto

Clemens Fuest University of Cologne

Simon Loretz Centre for Business Taxation

Ken Mayhew University of Oxford

Ruud de Mooij
Erasmus University, Rotterdam

ANNUAL ACADEMIC SYMPOSIUM

16–20 June 2008,
Saïd Business School, Oxford

The annual meeting of International Research Fellows and other invited academics brought together over forty of the world's leading researchers in the field of business taxation from law, economics, and accounting. The symposium provided a forum for the discussion of formal papers and the opportunity to promote informal discussion and collaborative work across institutions and disciplines.

Speakers

Julian Alworth EIC, Milan

Celine Azemar University of Glasgow

Johannes Becker University of Cologne

Christian Bellak Vienna University of Economics and Business Administration

Thiess Buettner
IFO Institute and University of Munich

Michael Devereux
Centre for Business Taxation

Dharmika Dharmapala
University of Connecticut

Chris Evans
ATAX, University of New South Wales

Judith Freedman
Centre for Business Taxation and Faculty of Law, University of Oxford

Clemens Fuest University of Cologne

Harry Grubert US Treasury

Andreas Haufler University of Munich

Eckhard Janeba University of Mannheim

Christian Keuschnigg
University of St Gallen

Rick Krever University of Monash

Ben Lockwood University of Warwick
and Centre for Business Taxation

Socrates Mokkas
Centre for Business Taxation

Ruud de Mooij
Erasmus University, Rotterdam

Doina Radulescu University of Munich

Nadine Riedel University of Munich

Miranda Stewart University of Melbourne

Michael Stimmelmayr University of Munich

Alfons Weichenrieder University of Frankfurt

David Weisbach University of Chicago

Jay Wilson Michigan State University

'I really enjoyed the conference. It was one of the best tax conferences I have attended.'

Krister Andersson, Chairman, Fiscal Affairs Working Group, Business Europe

ANNUAL SUMMER CONFERENCE

20–21 June 2008,
Saïd Business School, Oxford

The two-day Summer Conference addressed three current and fundamental issues in the taxation of business.

Two issues focused on European developments. The conference discussed proposals from the European Commission to introduce a Common Consolidated Corporate Tax Base in the European Union. Centre researchers presented some initial research towards their impact assessment of the proposal. Tom Neale of the European Commission reported on the current state of the proposals. Representatives from European business gave a practical perspective; there was also a round table discussion.

The second European issue was to take stock of the current state of European Court of Justice case law on corporate taxation, the likely direction of future developments and the implications for national governments. Speakers included representatives from the European Commission and HM Treasury, as well as Julian Ghosh, QC, who represented the taxpayer companies in the Cadbury Schweppes case.

The third issue was principles-based legislation, and other generic approaches to anti-avoidance legislation, such as TAARs, the subject of HMRC's anti-avoidance simplification review. The HMRC consultation document on financial products suggested a move towards principles-based taxation. Whilst the responses to this were mixed, and the technique was not adopted in the Finance Act 2008, there appears to be some appetite from Government and others

for more generic legislative approaches to counter tax-avoidance in the future. Centre researchers reported on a programme of interviews with tax directors and others, in which opinions on various issues including principle-based drafting, were sought. Again, leading speakers from business and government presented their views. Lord Hoffmann addressed this issue at the conference dinner on 20 June; his comments at the conference have been referred to frequently in subsequent policy discussions.

Speakers

Keynote speaker

The Rt. Hon. Lord Hoffmann

The Common Consolidated Corporate Tax Base

Krister Andersson Business Europe

Ian Brimicombe AstraZeneca plc

Simon Loretz Centre for Business Taxation

Ian Menzies-Conacher Barclays plc

Will Morris GE

Tom Neale European Commission

Roderick Ryan Glen Dimplex

Principles-based drafting and new approaches to legislation and tax risk management.

Roger Adams Aviva plc

Brenda Berkeley Australian Treasury

Brian Drummond KPMG

Judith Freedman Centre for Business Taxation and Law Faculty, University of Oxford

John Avery Jones, CBE
London School of Economics

Rick Krever University of Monash

Geoffrey Loomer Centre for Business Taxation and Law Faculty, University of Oxford

Rupert Shiers McGrigors

Richard Thomas HMRC

John Vella Centre for Business Taxation and Law Faculty, University of Oxford

Tim Voak Tesco plc

European Court of Justice: recent developments and constraints on policy

Julian Ghosh QC

Philip Gillett formerly ICI plc

Richard Lyal European Commission

Jonathan Mills HM Treasury

'The symposium and the conference were both excellent. The papers were stimulating and engaging, and the informal and relaxed atmosphere through the week gave great opportunities for dialogue and development.'

Professor Chris Evans, ATAX, University of New South Wales, Australia

TAXATION OF MULTINATIONAL FIRMS

16–17 July 2008, Venice

This academic conference was jointly organised with CESifo, and formed part of the CESifo Summer Institute in Venice. Papers covered a wide range of issues in business taxation. Selected papers will be published in the journal *World Economy*, edited by Michael Devereux and Peter Egger.

Speakers

Gregory Corcos Norwegian School of Economics & Business Administration

Ruud de Mooij Erasmus University, Rotterdam

Mihir Desai Harvard Business School

Clemens Fuest University of Cologne

Mauro Ghinamo University of Turin

Pedro Gomes London School of Economics

Michelle Hanlon University of Michigan

Andreas Haufler University of Munich

Christian Keuschnigg
University of St Gallen

Kala Krishna Penn State University

Steve McCriston University of Exeter

Doina Radulescu University of Munich

Nadine Riedel University of Munich

Johannes Rincke University of Munich

ACADEMIC SEMINARS

Joint academic seminars with Law Faculty

23 January	Emily Campbell , barrister, Wilberforce Chambers <i>Inheritance tax planning and the reservation of benefit rules</i>
27 February	Professor Michael Devereux , Centre for Business Taxation <i>Economic principles for taxing multi-national corporations</i>
05 March	Philip Baker QC and David Goldberg QC , Gray's Inn Tax Chambers <i>Taxation of Foreign Profits and Proposals for Reform</i>
23 April	James Bullock and Rupert Shiers , McGrigors <i>The new legislative approaches to tax avoidance</i>
30 April	John Neighbour , KPMG <i>Tax and transfer pricing</i>
07 May	Malcolm Gammie QC , One Essex Court <i>The ECJ and Corporate Tax – Recent Developments</i>
14 May	Professor Wolfgang Schön , Max Planck Institute for Tax Law, Munich, and Centre for Business Taxation. <i>The European Commission Proposal for a Common Consolidated Corporate Tax Base</i>

Joint Academic Seminar series with Economics Faculty (Public Economics Seminar series)

10 October	Dezso Szallay , University of Warwick with Paul Beaudry , UBC and Chuck Blackorby , University of Warwick <i>Taxes and Employment Subsidies in Optimal Redistribution Programs</i>
07 November	Peter Egger , University of Munich <i>Saving Taxes Through Foreign Plant Ownership</i>
21 November	Christian Keuschnigg , University of St. Gallen with Evelyn Ribi , University of St. Gallen <i>Outsourcing, Unemployment and Welfare Policy</i>
23 January	Clemens Fuest , University of Cologne <i>Tax Competition – Greenfield Investment versus Mergers and Acquisitions</i>
06 February	John Armour , University of Oxford <i>Shareholder Protection and Stock Market Development: An Empirical Test of the Legal Origins Hypothesis</i>
13 February	Decio Coviello , EUI <i>Does Publicity Affect Competition? Evidence from Discontinuities in Public Procurement Auctions</i>
05 March	Ruud de Mooij , Erasmus University, Rotterdam <i>ACE and CBIT Proposals for Corporate Tax</i>

NEW STAFF

Since it was established in late 2005, the Centre has grown to, by October 2008, a significant body of ten full-time researchers, including two Professors of Business Taxation. Four full-time researchers and one programme director were appointed during the year to July 2008, taking up their positions in autumn 2008.



PROFESSOR CLEMENS FUEST
Director of Research

Professor Clemens Fuest has been appointed as Director of Research from 01 October 2008. He has a Ph.D. in economics from the University of Cologne, and was a lecturer at the University of Munich prior to being appointed to the Chair of Public Economics at the University of Cologne in 2001.

He is a research fellow of CESifo and IZA, advisory editor of the *Canadian Journal of Economics* and panel member of *Economic Policy*. He is also chairman of the Academic Advisory Board of the German Federal Ministry of Finance and member of the Academic Advisory Board of Ernst and Young AG, Germany. He was recently listed as one of the most cited young German economists in the German newspaper *Handelsblatt*. His current research focuses on the implications of globalisation and European integration for tax policy and the impact of taxes on firm behaviour. He has published widely in international academic journals and elsewhere.



PROFESSOR RUUD A. DE MOOIJ
Programme Director

Ruud A. de Mooij is Professor of Public Economics at Erasmus University, Rotterdam, and heads the units on Life Cycle Policy and Ageing at CPB in the Netherlands. He is affiliated as a research fellow with the Tinbergen Institute and CESifo.

He obtained his Ph.D. (cum laude) in 1999 at Erasmus University, Rotterdam, with a dissertation on environmental taxation. He worked at the Dutch Ministry of Economic Affairs and has held several positions at CPB. In 2007, he won the Peggy and Richard Musgrave Prize awarded by the International Institute of Public Finance. He is among the most cited economists in policy-oriented Dutch journals aimed at practitioners and policy makers. He is currently the Policy Watch editor of the journal *International Tax and Public Finance* and on the editorial boards of a number of other journals. Recent research areas involve corporate tax policy, European tax harmonisation and the design of an optimal welfare state.



JOHANNES BECKER
Research Fellow

Johannes Becker has recently completed a Ph.D. in economics at the University of Cologne, supervised by Clemens Fuest, and where he was Junior Research Fellow, financed by a grant from the German National Academic Foundation (Studienstiftung des Deutschen Volkes). In 2005, he spent three months at the University of Michigan, where he worked with Professor Joel Slemrod. With Nadine Riedel, he won the Young Economists Award at the International Institute for Public Finance 2008 conference. He has been awarded a grant from the German Academic Exchange Service for his forthcoming work at the Centre. His current research interests comprise efficiency aspects and welfare implications of corporate taxation and the role of multinational firms in international tax competition.



GEOFFREY LOOMER
Research Fellow

Geoffrey Loomer is a former practising lawyer now pursuing a D.Phil. in tax law at the University of Oxford. Before being appointed as a Research Fellow, he held a Centre for Business Taxation Studentship, and was also a Clarendon Scholar. He holds degrees in both economics (BSc) and law (LLB) and obtained a BCL from Oxford in 2005. Before commencing his doctorate he was a tax associate in the Vancouver office of McCarthy Tétrault for five years, where he was involved in matters including international transfer pricing disputes and litigation around Canada's general anti-avoidance rule. His research interests involve the intersection of tax law, corporate law, and public law. His doctoral research concerns legal conceptions of corporate residence and the taxation of multinational enterprise.



NADINE RIEDEL
Research Fellow

Nadine Riedel joins the Centre from the University of Munich where she worked as a research fellow and teaching assistant. She holds master degrees in economics and German language & literature studies. She completed her Ph.D. on the subject of Corporate Taxation and Multinational Firms in 2008. For contributions in her thesis, she won the Young Economist Award of the Austrian Economic Association, the Young Economist Award of the International Institute of Public Finance and the Dissertation Prize of the University of Munich. Her current research interests include international tax competition and the empirical assessment of corporate tax effects on firm behaviour.

NEW INTERNATIONAL RESEARCH FELLOWS



Five new International Research Fellows were appointed by the Centre in 2007–08.

PHILIP BAKER QC

Philip Baker QC (not pictured) is a barrister and QC practising from Gray's Inn Tax Chambers. He was called to the Bar in 1979, began practising in 1987 and took silk in 2002. He specialises in international tax issues, with a particular emphasis on double tax conventions, and on European Union law and taxation. He has a particular interest in the European Convention on Human Rights and taxation. Before moving into practice, he taught law for seven years at the School of Oriental and African Studies, University of London. He was subsequently a visiting professorial fellow and joint head of the School of Tax Law at the Centre for Commercial Law Studies, Queen Mary, University of London, and is now a senior visiting fellow at the Institute of Advanced Legal Studies, University of London. He is the author of *Double Taxation Conventions and International Tax Law*, and the editor of the *International Tax Law Reports*.

DHAMMIKA DHARMAPALA

Dhammika Dharmapala holds an undergraduate degree in economics from the University of Western Australia and a Ph.D. in economics from the University of California, Berkeley. His dissertation at Berkeley, on the political economy of the budget process in the US Congress, received the National Tax Association's Outstanding Doctoral Dissertation Award. He has served as a Postdoctoral Fellow at Harvard University, a Visiting Assistant Professor at the University of Michigan, and a John M. Olin Visiting Fellow at Georgetown University Law Center. His research focuses on taxation, with a particular emphasis on the effects of corporate and international taxation on the behaviour of firms. Other research interests include the political economy of fiscal policy and the economic analysis of law. He has been an Assistant Professor of Economics at the University of Connecticut since 2002.



PAUL FARMER

Paul Farmer is a partner in Dorsey & Whitney's London office. He has a broad background in European law and international taxation and has been involved extensively in direct and indirect tax litigation in the UK and European courts. Formerly he was: Head of Unit in the Taxation and Customs Directorate General of the European Commission; Barrister, Pump Court Tax Chambers, London; and Legal Secretary to Advocate General Jacobs, European Court of Justice. He is a Visiting Professor at King's College, University of London.



MALCOLM GAMMIE CBE QC

Malcolm Gammie CBE QC is a barrister at One Essex Court practising in the fields of commercial, European and international taxation. He was a senior tax partner at the City law firm of Linklaters until moving to the Bar in 1997, becoming a QC in 2002. He was named UK Tax Lawyer of the Year 2008 at the LexisNexis Taxation Awards. He is a part-time Tax Tribunal judge. He is a past President of the Chartered Institute of Taxation and is a member of IFA's Permanent Scientific Committee. He teaches corporate and international taxation at universities in Australia, the Netherlands and the UK. He is Research Director of the IFS Tax Law Review Committee, and one of the core editorial team for the Mirrlees Review on Tax Systems for the 21st Century. He has advised governments of several countries on tax policy issues and has been particularly active in European tax policy for many years. He has acted as a consultant to the OECD. He was awarded his CBE in 2005 for services to taxation policy.



JOHN TILEY CBE, FBA

John Tiley CBE, FBA, LL.D., BCL is Emeritus Professor of the Law of Taxation at Cambridge University. He read law at Lincoln College, Oxford, before teaching at Lincoln, Birmingham and then Cambridge. He taught in Cambridge from 1967 to 2008, becoming Reader in 1987, and Professor in 1990. In tax circles he is best known for his book *Revenue Law*, the sixth edition of which was published in 2008. He was also the founding director of the Centre for Tax Law in Cambridge. He has been for many years a member of the IFS Tax Law Review Committee and has been a member of the Executive Committee of the IFS and is now on the Council. He is a member of the European Association of Tax Law Professors (EATLP) and is Vice Chair of the Academic Committee of that organisation. He sat as a Recorder for a number of years. He is an Honorary Bencher of the Inner Temple.

VISITORS

The Centre has hosted a number of international academic visitors during the year. Visits have ranged from two weeks to six months. While at the Centre, visitors undertake research in the area of business taxation and contribute to the activities of the Centre. Several visitors initiated joint research projects with Centre staff during their visits.

Professor Christian Bellak (May – July 2008) is an associate professor in the Department of Economics, Institute of Economic Policy and Industrial Organisation, at the Vienna University of Economics and Business Administration. He has been a visiting scholar at the University of Reading, the Helsinki School of Economics and the Hamburg Institute of International Economics. His main research interests include foreign direct investment, multinational enterprises and industrial policy, in particular with respect to tax policy and development issues. Professor Bellak is organising a joint conference with the Centre, to be held in Vienna in January 09, on Taxes and the Financial and Legal Structures of Firms.

Dr Leon Bettendorf (March – April 2008) is a Research Fellow at the Tinbergen Institute, and lecturer in the Faculty of Economics at Erasmus University, Rotterdam. Since 2003 he has been an adviser in the International Economics Sector of the Netherlands Bureau for Economic Policy Analysis for a project on tax competition in the EU. While visiting the Centre he worked with Michael Devereux and Ruud de Mooij on a project funded by the European Commission on an economic evaluation of the Commission's proposals for a Common Consolidated Corporate Tax Base.

Professor Søren Bo Nielsen (October 2008) is a professor in the Department of Economics, Copenhagen Business School, and is affiliated with the Centre for Economic Policy Research (CEPR), London, and CESifo in Munich. His general interest area is public finance, in particular tax policy. The overall design of the tax system, tax policy in open economies, and tax policy vis-à-vis venture capital backed entrepreneurship are specific themes of interest. Besides public finance, he is interested in intertemporal macroeconomics as well as corporate finance.

Primary research areas include international taxation, public finance in general and corporate finance.

Professor Ruud A. de Mooij (January – July 2008) is professor of Public Economics at Erasmus University, Rotterdam, and heads the unit on Welfare State at the Netherlands Bureau for Economic Policy Analysis. De Mooij is also affiliated as a research fellow with the Tinbergen Institute, Netspar and CESifo. Recent research areas are corporate tax policy, income tax reform and European tax competition. His work is usually at the interplay of economic policy and economics. He has published in the *American Economic Review*, the *Journal of Public Economics* and *International Tax and Public Finance*; he is policy watch editor of this latter journal.



Far left: Professor David Duff
Left: Professor Wolfgang Schön

Professor Dhammika Dharmapala (June 2008) is an assistant professor of economics at the University of Connecticut. He completed his Ph.D. at Berkeley in 1998 under the supervision of Alan Auerbach, where he won the National Tax Association Outstanding Doctoral Dissertation Award. He has since worked with Mihir Desai, and has publications in the *Journal of Public Economics* and the *Journal of Financial Economics*. He has been a visiting assistant professor at the University of Michigan. Following his visit, Professor Dharmapala has been appointed as one of the Centre's International Research Fellows.

Professor David G. Duff (April 2008) is Professor of Law at the University of Toronto. Prior to joining the faculty, he was a tax associate at the Toronto office of Stikeman, Elliott. He was also employed as a researcher with the Ontario Fair Tax Commission from 1991 to 1993 and as a tax policy analyst with the Ontario Ministry of Finance in 1993–1994. He is a member of the Law Society of Upper Canada and was called to the Bar in 1996. His teaching and research interests are in the areas of tax law, tax policy, statutory interpretation, and distributive justice.

Professor Peter Egger (October – November 2008) is head of the Department of International Trade and Foreign Direct Investment, and Professor of Economics at the University of Munich. The main focus of his research is international trade and multinational firms, regional economics, panel econometrics, and spatial econometrics.

Professor Christian Keuschnigg (August 2007 – January 2008) is Professor of Public Economics at the University of St. Gallen, Switzerland. In 1994 he was nominated a CEPR research fellow in international trade. In 1999, he joined the public policy program of CEPR and was also nominated a research fellow of the CESifo network at the University of Munich. His main fields of interest are in the economics of taxation, tax reform, and computable general equilibrium modelling for policy analysis. He has published in international journals such as *Journal of Public Economics* and *International Tax and Public Finance*.

Professor Wolfgang Schön (May 2008) is Director at the Max Planck Institute for Intellectual Property, Competition and Tax Law (Department of Accounting and Taxation) in Munich and Professor at Munich University. Since 2006 he has been a member of the Permanent Scientific Committee of IFA. He is a member of the Scientific Advisory Board to the German Federal Ministry of Finance. He is a past member of the board of the German Lawyers Association, and former chairman of both the German Law Professors' Working Group on Accounting Law and the Scientific Council to the German Tax Law Association.

Professor Hannes Winner (November 2007) is Associate Professor of Economics and Public Finance at the University of Innsbruck; he is also Adjunct Professor at the Free University of Bolzano-Bozen. In 2003, he was visiting professor at the European University Institute in Florence. His fields of interest include public economics, economics of taxation, health economics, and econometrics. He has published in academic journals such as *International Tax and Public Finance*, *Regional Science and Urban Economics*, and *Canadian Journal of Economics*. His current research is on the empirical impact of taxation on international production and location decisions of multinational firms.

EXTERNAL PUBLICATIONS

Centre staff have contributed to a range of publications beyond those published by the Centre itself. These include a variety of outputs from papers in academic journals to shorter pieces on specific policy topics.

ACADEMIC PUBLICATIONS

S. Bond and J. Van Reenen,

'Microeconomic Models of Investment and Employment' in J. J. Heckman & E. E. Leamer (eds.), *Handbook of Econometrics*, Elsevier, 2007.

N. Bloom, S. Bond and J. Van Reenen,

'Uncertainty and Investment Dynamics', *Review of Economic Studies*, 74/2, 391–415, 2007.

R. de la Feria, 'When Do Dealings in Shares Fall within the Scope of VAT?', *EC Tax Review*, 17/1, 24–40, 2008.

R. de la Feria, 'Prohibition of Abuse of (Community) Law – The Creation of a New General Principle of EC Law Through Tax', *Common Market Law Review*, 45/2, 395–441, 2008.

R. de la Feria, 'Evolução do Conceito de Abuso do Direito no Âmbito do Direito Fiscal Comunitário', *Revista de Finanças Públicas e Direito Fiscal*, 1/2, 197–226, 2008.

R. de la Feria and A.P. Dourado, 'Thin Capitalization in the Context of the CCCTB' in M. Lang, P. Pistone, J. Schuch and C. Staringer (eds.), *Common Consolidated Corporate Tax Base*, Vienna: Linde Verlag, 2008.

R. de la Feria, *A Handbook of EU VAT Legislation*, Loose-leaf, Supplements 6 and 7, London: Kluwer Law International, 2008.

M. P. Devereux, B. Lockwood, and M. Redano, 'Do Countries Compete over Corporate Taxes?', *Journal of Public Economics*, 91, 1197–1218, 2008.

M. P. Devereux and S. Loretz,

'The effects of EU Formula Apportionment on Corporate Tax Revenues', *Fiscal Studies*, 29, 1–33, March 2008.

J. Freedman and C. Crawford, 'Small Companies Again – Section 3 Finance Act 2007', *British Tax Review*, 436, 2007.

J. Freedman, 'Financial and Tax Accounting: Transparency and "Truth"' in W. Schön (editor), *Tax and Corporate Governance*, Springer, 2008.

J. Freedman and G. Macdonald, 'The Tax Base for CCCTB: The Role of Principles' in M. Lang, P. Pistone, J. Schuch and C. Staringer (eds.), *Common Consolidated Corporate Tax Base*, Vienna: Linde Verlag, 2008.

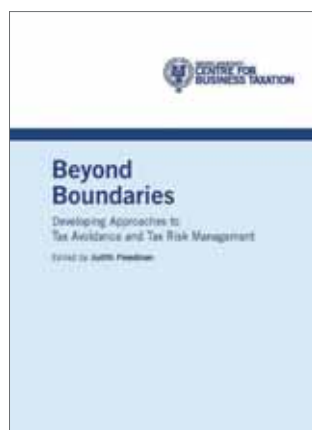
J. Freedman, 'Epilogue: Establishing the Foundations of Tax Law in UK Universities' in J. Avery Jones, J. Freedman, P. Harris, and D. Oliver, *Comparative Perspectives on Revenue Law: Essays in Honour of John Tiley*, Cambridge: CUP, 2008.

J. Freedman, 'Is Tax Avoidance "Fair"?' in C. Wales (editor), *Fair Tax: Towards a Modern Tax System*, London: Smith Institute, 2008.

J. Freedman (editor), *Beyond Boundaries: Developing Approaches to Tax Avoidance and Tax Risk Management*, Oxford: Oxford University Centre for Business Taxation, 2008.

J. Freedman, G. Loomer and J. Vella, 'Moving Beyond Avoidance? Tax Risk and the Relationship between Large Business and HMRC' in *Beyond Boundaries*, above.

T. Tatiana and D. Ulph, 'Tax Progressivity, Income Distribution and Tax Non-Compliance', paper 0712, *Discussion Papers Series, Department of Economics*, University of St Andrews, 2007.



Beyond Boundaries, edited by Judith Freedman, and published by the Centre in 2008

Forthcoming

A. Auerbach, M. P. Devereux and H. Simpson, 'Taxing Corporate Income' in *Reforming the Tax System for the 21st Century: The Mirrlees Review*, Oxford: OUP, 2008.

C. Crawford and J. Freedman, 'Small Business Taxation' in *Reforming the Tax System for the 21st Century: The Mirrlees Review*, Oxford: OUP, 2008.

H. P. Huizinga and J. Voget, 'International Taxation and the Direction and Volume of Cross-border M&As', *Journal of Finance*.

POLICY ARTICLES

M. P. Devereux and R. de la Feria, 'VAT – Unjust Enrichment' *The Tax Journal*, 12 May 2008.

J. Freedman, 'Small Business Tax – Where do we go from here?' *Tax Adviser*, June 2008.

G. Maffini. *Chi paga realmente l'ires? Ancora brutte notizie per i lavoratori dipendenti* [Who really pays the corporate income tax? Bad news for the employees]. www.nelmerito.com

EXTERNAL PRESENTATIONS

Centre staff have presented their research at numerous conferences and seminars, as well as those organised by the Centre. The presentations and events range from academic seminars to conferences on specific policy issues.

AUGUST 2007

Michael Devereux, organisation of Congress of International Institute of Public Finance, *Global Public Goods and Commons: Theoretical Challenges for a Changing World*, University of Warwick, more than 300 delegates.

Simon Loretz, *The Effects of EU Formula Apportionment on Corporate Tax Revenues*, 63rd Congress of the International Institute of Public Finance, University of Warwick.

SEPTEMBER 2007

Michael Devereux, workshop on *Globalization and Public Policy*, Institute for Advanced Studies, Vienna.

Judith Freedman, CIOT Small Business Round Table Discussion, speaker, 'Where to go from here?', London.

OCTOBER 2007

Judith Freedman, *Fair Tax* conference, panel member, The Smith Institute, London.

NOVEMBER 2007

Michael Devereux, *The Revenue and Efficiency Consequences of the CCCTB*, seminar, Ministry of Finance, Dublin.

Michael Devereux, *Taxing Corporate Income*, seminar, Trinity College, Dublin.

Michael Devereux, *The Direct Incidence of Corporation Tax on Wages*, seminar, Saïd Business School, Oxford.

Michael Devereux, *Taxing Corporate Income*, seminar, University of Nottingham.

DECEMBER 2007

Michael Devereux, *Corporation Tax*, taught course given to HM Treasury and HMRC officials, London.

Michael Devereux, *Common Consolidated Corporate Tax Base*, meeting, European Commission, Brussels.

Judith Freedman, *The relationship between taxable and accounting profits – a view from the UK?*, invited speaker at workshop, Universidad Carlos III de Madrid.

JANUARY 2007

Michael Devereux, *Taxing Corporate Income*, presentation, HM Treasury, London.

FEBRUARY 2008

Rita de la Feria, *EU VAT Treatment of Insurance and Financial Services Under Review*, IFS, London.

Rita de la Feria, *Inbound Investment: Thin Capitalization Rules in the Context of the CCCTB*, Common Consolidated Corporate Tax Base Conference, Vienna University of Economics and Business Administration and Taxation and Customs Union – Directorate General (European Commission), Vienna.

Judith Freedman, *The Tax Base for CCCTB: The Role of Principles* (with G. Macdonald), Common Consolidated Corporate Tax Base Conference, Vienna University of Economics and Business Administration and Taxation and Customs Union – Directorate General (European Commission), Vienna.

Simon Loretz, *The Effects of EU Formula Apportionment on Corporate Tax Revenues Workshop 'Applying Microsimulation for Fiscal Policy Analysis'*, Deutsches Institut für Wirtschaftsforschung (DIW), Berlin.

Johannes Voget, *International Taxation and the Location of Headquarters*, European Tax Policy Forum Meeting, Amsterdam.

MARCH 2008

Rita de la Feria, *Evolução do Conceito de Abuso do Direito no Âmbito do Direito Fiscal Comunitário*, Law Faculty Seminar, University of Lisbon.

Rita de la Feria, *Desenvolvimentos recentes em IVA Comunitário*, Deloitte, Lisbon.

Michael Devereux, *Fair tax: Corporate Taxation*, conference, The Smith Institute, London.

Michael Devereux, *The Direct Incidence of Corporation Tax on Wages*, seminar, University of St Andrews.

Simon Loretz, *Increased efficiency through consolidation and formula apportionment in the European Union?* Royal Economic Society Conference, University of Warwick.

Giorgia Maffini, *The Effect of Transfer-pricing Manipulation on Measured Productivity*, Public Economic Seminar Series, University of Warwick.

'Michael Devereux, a leading economist, sums up the problem: "The more successful tax collectors are in preventing firms from shifting profit out of Britain, the more they are likely to encourage firms to leave the country".'

Vanessa Holder in the **Financial Times**, 28 July 08

APRIL 2008

Michael Devereux, *Taxing Corporate Income*, Vienna University of Economics and Business Administration, and Austrian Ministry of Finance, Vienna.

Michael Devereux, *Taxing Foreign Profit: Economic Principles and Feasibility*, European Tax Policy Forum Conference, London.

Judith Freedman, commentator on *Tax Avoidance at Plucking the Goose: The Role of Taxation in the Modern Social Contract*, The Foundation for Law, Justice and Society, Oxford.

Johannes Voget, *What are the Effects of Taxes on the Location of Headquarters?* European Tax Policy Forum Conference, London.

MAY 2008

Michael Devereux and Judith Freedman, *Various aspects of Finance Bill 2008*, evidence to House of Lords Economic Affairs Sub-Committee on the Finance Bill.

Simon Loretz, *Increased efficiency through consolidation and formula apportionment in the European Union?* annual meeting of the Austrian Economic Association, Vienna.

Simon Loretz, *Increased efficiency through consolidation and formula apportionment in the European Union?* research seminar, University of Innsbruck.

JUNE 2008

Michael Devereux, *Taxation of Outbound Direct Investment: Economic Principles and Tax Policy Considerations*, Conference in Honour of Richard Musgrave, Sydney.

Michael Devereux, *Taxing Risky Investment*, Conference in Honour of Richard Musgrave, Sydney.

Michael Devereux, *Corporation Tax: trends principles and feasibility*, presentation to OECD Committee for Fiscal Affairs, Paris.

Judith Freedman, *CCCTB: Principles for a European Corporate Tax Base? at 'EU: Fifty Years: Europe Quo Vadis?'*, Luiss University and Tilburg University Conference, Rome.

Judith Freedman, *Fair Tax* conference, panel member, The Smith Institute, London.

Simon Loretz, *Increased efficiency through consolidation and formula apportionment in the European Union?*, 'Multinational Taxation and Tax Competition', conference sponsored by the European Economic Review Elsevier office, Amsterdam.

JULY 2008

Rita de la Feria, *VAT Treatment of Dealings in Shares*, PwC, Amsterdam.

Michael Devereux, *Corporation Tax*, taught course given to HM Treasury and HMRC officials, London.

Simon Loretz, *Increased efficiency through consolidation and formula apportionment in the European Union?*, research seminar, University of Munich.

CENTRE WORKING PAPERS

07/18 WHEN DO DEALINGS IN SHARES FALL WITHIN THE SCOPE OF VAT?

Rita de la Feria

Transactions in shares are exempt under Article 135(1)(f) of the Common VAT System Directive. However, in practice, the legal regime applicable to shares is based not on the interpretation of one single provision of the Directive, but rather on the joint interpretation of various inter-connected provisions. Within the last fifteen years, the ECJ has been called to interpret these provisions, within the context of the VAT treatment of dealings in shares, on several occasions. However, far from having resolved all inherent conceptual and practical pitfalls of applying the EU VAT provisions to the *sui generis* nature of dealings in shares, it is clear that the case-law itself gives rise to various difficulties, thereby heightening the sense of legal uncertainty. This paper provides an analysis of the case-law of the Court in relation to transactions in shares, highlighting its evolution, as well as its consequences, from both a practical, and a conceptual, perspectives.

07/19 TAXING FOREIGN PROFITS WITH INTERNATIONAL MERGERS AND ACQUISITIONS

Johannes Becker and Clemens Fuest

A large part of border crossing investment takes the form of international mergers and acquisitions. In this paper, we ask how optimal repatriation tax systems look like in a world where investment involves a change of ownership, rather than a reallocation of real capital. We find that the standard results of international taxation do not carry over to the case of international mergers and acquisitions. The deduction system is no longer optimal from a national perspective and the foreign tax credit system fails to ensure global optimality. The tax exemption system is optimal if ownership advantage is a public good within the multinational firm. But the cross border cash flow tax system dominates the exemption system in terms of optimality properties.

07/20 OUTSOURCING, UNEMPLOYMENT AND WELFARE POLICY

Christian Keuschnigg and Evelyn Ribi

Outsourcing of labour-intensive activities challenges the welfare state and undermines the protection of low-skilled workers. The stylised facts are that profits are concentrated among the high-skilled, involuntary unemployment is mostly among the low-skilled, and private unemployment insurance is missing. This theoretical paper analyses the effectiveness of redistribution and insurance policies when heterogeneous firms can outsource labour-intensive components to low-wage economies. The main results are: (i) Social insurance props up wages, leading to more outsourcing and unskilled unemployment. (ii) Redistribution from the skilled to the working poor acts as a wage subsidy to unskilled workers, thereby reducing gross wages, outsourcing and unemployment. (iii) A trend to outsourcing, induced by lower transport costs of imported components, depresses low-skilled wages, raises unemployment, and boosts profits. The resulting polarisation of society and the increased income risk of unskilled workers emphasises the social gains from redistribution and insurance and thus calls for a more active role of the welfare state in more open economies.

07/21 THE EFFECT OF TAX TREATIES ON MULTINATIONAL FIRMS: NEW EVIDENCE FROM MICRODATA**Ronald B. Davies, Pehr-Johan Norbäck and Ayça Tekin-Koru**

This paper uses affiliate level data from Swedish multinationals to examine the impact of tax treaties on both overall affiliate sales and the composition of those sales. In line with previous results, we find little evidence for an effect of treaties on the level of total sales. We do, however, find that a tax treaty increases the probability of investment by a firm in a given country. In addition, we find that a treaty reduces exports to the parent but increases imports of intermediate inputs from the parent. This is consistent with treaties increasing the effective host tax. This suggests that tax treaties impact the behaviour of multinationals along some dimensions but not along others.

07/22 FINANCIAL AND TAX ACCOUNTING: TRANSPARENCY AND 'TRUTH'**Judith Freedman**

In the USA there have been calls for greater conformity between the rules producing tax accounts and those used for financial reporting purposes. A number of benefits are claimed for this so-called 'book-tax conformity', including reduced compliance costs and better opportunities for monitoring. In Europe, the debate around use of the financial accounts for tax purposes has arisen from a different conceptual starting point as well as differences in surrounding circumstances. Linkage between tax and financial accounts is common in Europe, although it takes varying forms. This does not result in complete book-tax conformity, however, and recent developments in accounting may be increasing divergence rather than reducing it. Despite the strong arguments in favour of conformity, there are also good reasons for some divergences, meaning that the most likely outcome in any system, whatever the starting point, is partial convergence. The problem with a hybrid outcome of this kind is that, at the point of divergence, there can be conceptual confusion and difficulties in integrating and managing two conceptually very different rule systems. Clarity of the relationship between the rules and improved accounting disclosure requirements might be more important than convergence, and might be achieved with less distortion to either tax or financial accounting. The current UK position is used to illustrate these points.

07/23 PROHIBITION OF ABUSE OF (COMMUNITY) LAW – THE CREATION OF A NEW GENERAL PRINCIPLE OF EC LAW THROUGH TAX?**Rita de la Feria**

The European Court of Justice has been alluding to abuse and abusive practices in its rulings for more than thirty years. For a long time however the significance of these references was unclear. Not many commentators delved into this issue, and the few that did doubted whether the references by the Court to abuse amounted to the development of a general Community principle of abuse of law. This state of affairs has changed radically within the last few years, largely due to jurisprudential developments within the field of tax. This paper analyses the evolution of the Court's case law on abuse, from the first cases on free movement of services, to the latest rulings on taxation. It then considers whether the case law developed by the Court, on what has been designated as 'prohibition of abuse of law', does indeed amount to a new general principle of Community law.

08/01 THE PROPERTY TAX INCIDENCE DEBATE AND THE MIX OF STATE AND LOCAL FINANCE OF LOCAL PUBLIC EXPENDITURES

George R. Zodrow

Many states in the US have in recent years changed the mix of state and local revenue sources used to finance local public expenditures, especially primary and secondary education, with local property taxes being replaced by various sources of state tax revenue. This article examines the desirability of such a tax substitution, focusing on the implications of the long-standing debate between the 'benefit tax' and 'capital tax' views of the incidence of the tax. It also includes a discussion of some recent research that elaborates the capital tax view of the property tax.

08/02 BILATERAL EFFECTIVE TAX RATES AND FOREIGN DIRECT INVESTMENT

Peter Egger, Simon Loretz, Michael Pfaffermayr and Hannes Winner

This paper computes effective (marginal and average) tax rates that account for bilateral aspects of taxation and, therefore, vary across country-pairs and years. These tax rates serve to estimate the impact of corporate taxation on outbound stocks of bilateral foreign direct investment (FDI) among OECD countries between 1991 and 2002. The findings indicate that outbound FDI is positively related to the parent and host country tax burden and negatively associated with bilateral effective tax rates. Relying only on unilateral (country and time variant) rather than on both unilateral and bilateral (country-pair and time variant) effective tax rates leads to biased estimates of the impact of corporate taxation on FDI.

08/03 WHAT DETERMINES THE USE OF HOLDING COMPANIES AND OWNERSHIP CHAINS?

Alfons J. Weichenrieder and Jack Mintz

The paper investigates the role of holding companies and conduit entities in German inbound and outbound FDI. It identifies the relevant conduit countries that act as stepping stones. Several tax and non-tax factors for the set-up of indirect structures are empirically identified. Withholding taxes, credit systems in capital exporting countries and the possibility of group consolidation are shown to be empirically important for the design of ownership chains in foreign direct investment.

08/04 THIN CAPITALISATION RULES IN THE CONTEXT OF THE CCCTB

Ana Paula Dourado and Rita de la Feria

In the context of the proposed European CCCTB there is clearly a perceived need for the introduction of a common thin capitalisation rule. This rule would be aimed at dealing with inbound investment emerging from both third countries, and from Member States opting out of the CCCTB. The principal aim of this paper is to establish whether such a need does indeed exist, and if so, which considerations should guide the design of a thin capitalisation rule for the CCCTB. The paper starts by providing a broad summary of the varying approaches of Member States to thin capitalisation. It then makes the case for the introduction of a thin capitalisation rule in the context of the CCCTB, from both an economic and a legal perspective, and sets out the general principles which should guide the design of such a rule.

08/05 VIEWING TAX POLICY THROUGH PARTY-COLORED GLASSES: WHAT GERMAN POLITICIANS BELIEVE

Friedrich Heinemann and Eckhard Janeba

The process of globalisation has an important impact on national tax policies. Most of the literature does not focus directly on the political decision making process and assumes that the desired tax policy is responding to objective underlying trade-offs. Based on an original survey of members of German national parliament (Bundestag) in 2006/7, we document a strong ideological bias among policy makers with respect to the perceived mobility of international tax bases (real capital and paper profits). Ideology via party affiliation influences also directly and indirectly the perceived national autonomy in tax setting and preferences for a EU minimum tax for companies. There seems little consensus as to what the efficiency costs of capital taxation in open economies are, even though our survey falls in a period of extensive debate about and actual adoption of a company tax reform bill in Germany. From a comparative politics perspective our results document the strong role of party discipline in a parliamentary democracy as the actual voting behaviour within a party is much more cohesive than the survey evidence suggests.

**08/06 SMALL BUSINESS TAXATION:
A SPECIAL STUDY OF THE STRUCTURAL
ISSUES SURROUNDING THE TAXATION
OF BUSINESS PROFITS OF OWNER
MANAGED FIRMS**

Judith Freedman and Claire Crawford

This paper considers the taxation of small, owner-managed businesses. It focuses on the difficulties created by treating employees, unincorporated and incorporated businesses differently for tax and social security purposes. The authors reject blanket tax incentives for small firms and differentiation between legal forms and concentrate on issues arising from opportunities created on incorporation for the conversion of income from labour into income from capital (taxed at a lower rate). Experience in the UK and elsewhere suggests that an approach that relies on defining a sub-category of small businesses will not produce a satisfactory solution. The chapter therefore examines methods of aligning the effective tax treatment of different legal forms: in particular it considers the advantages of combining a Rate of Return Allowance with an Allowance for Corporate Equity, so as to tax income above the normal return to capital at the same rate whether it is described as dividend, capital gain or salary.

**08/07 THE TAX BASE FOR CCCTB:
THE ROLE OF PRINCIPLES**

Judith Freedman and Graeme Macdonald

The European Commission is working on a proposal for a Common Consolidated Corporate Tax Base. The proposal aims to tackle some fundamental problems encountered as a result of lack of corporate tax harmonisation, especially in the areas of cross border losses and transfer pricing. There are several difficulties that must be tackled to make the proposal workable, not least the question of formulary apportionment of the consolidated profits of the corporate group as between Member States. This paper focuses on the question of the tax base itself.

The CCCTB project presents an opportunity to rethink the tax base. For the purposes of this paper it is assumed that there will be no radical re-appraisal of the way in which we tax corporations, but that the tax base will continue to be based on a concept of 'profit'. This paper supports the use of International Financial Reporting Standards (IFRS) as a starting point in ascertaining profit. It acknowledges that some deviations will be necessary from IFRS for tax purposes and suggests that these deviations should be explicit and based on autonomous tax principles. Conceptual clarity is needed to manage the questions that will arise and appropriate institutional mechanisms need to be developed to deal with the task of interpretation and regulation of the evolving relationship between accounting developments and tax law.

If the CCCTB is to be successful it must provide a comprehensive and autonomous set of rules. In fact it must be a Comprehensive Common Consolidated Corporate Tax Base (CCCCTB or C4TB). In view of the complexity of the issues arising in creating and applying the rules for a tax base, it is impossible to produce a Directive that will cover every necessary detail. Instead it needs to refer to IFRS as at the date of the Directive and to contain a set of tax principles as well as setting out institutional arrangements capable of managing the relationship. National tax law and national accounting standards are an inappropriate default for a C4TB. Thus the Directive should provide both a reference point for determining the scope of the tax base and a constitutionally valid framework for interpretation and application of the Directive and its implementing legislation in Member States.

08/08 THE EU VAT TREATMENT OF PUBLIC SECTOR BODIES: SLOWLY MOVING IN THE WRONG DIRECTION

Rita de la Feria

In most countries applying a VAT system, the activities and transactions undertaken by public sector bodies are not subject to full taxation. The rationale usually invoked to justify lack of full taxation is of a mixed conceptual and political kind. There is a view that the activities of those bodies are hard to tax and that, in practice, it is almost impossible to establish a single VAT treatment applicable to all of them. More importantly, there is a perception that exclusion of the products supplied by public sector bodies from full taxation, achieves social and distributional aims. The rule under the EU VAT system is that supplies by public sector bodies are non-taxable. In practice, however, the VAT treatment of public sector bodies is extremely complex, giving rise to significant legal problems and economic distortions. The aim of this paper is to consider the current legislative framework, with special consideration being given to recent developments in this area, at both legislative and jurisprudential levels, in an attempt to determine whether they constitute positive progress, or whether together they represent a slow and subtle move towards a further deepening of the system's already existing flaws.

08/09 INTERNATIONAL TAXATION AND TAKEOVER PREMIUMS IN CROSS-BORDER M&AS

Harry Huizinga, Johannes Voget and Wolf Wagner

Cross-border M&As can trigger a higher international taxation of the target's income. Non-resident dividend withholding taxes may be imposed by the target country, while additional corporate income taxation can be imposed by the acquiring country. This paper examines how these additional tax liabilities affect takeover premiums and thus the gains to target shareholders. Our evidence suggests that takeover premiums fully reflect non-resident dividend withholding taxes, while they reflect corporate income taxation by the acquiring country less than fully. The incidence of non-resident withholding taxation thus appears to be entirely on target shareholders. Hence, withholding taxes do not seem to serve the purpose of taxing foreign acquirers. This evidence is consistent with previous findings that the gains of M&As primarily accrue to target shareholders.

08/10 ECONOMIC INTEGRATION AND THE RELATIONSHIP BETWEEN PROFIT AND WAGE TAXES

Andreas Haufler, Alexander Klemm and Guttorm Schjelderup

This paper analyses the development of the ratio of corporate taxes to wage taxes using a simple political economy model with workers and capitalists that own internationally mobile and immobile firms. Among other results, our model predicts that countries reduce their corporate tax rate, relative to the wage tax when preferences for public goods increase, or when a rising share of capital is employed in multinational firms. We further show how a rise in the wage share changes both the relative size of tax bases and the political influence of different income groups. The predicted relationships are tested using panel data for twenty-three OECD countries for the period 1980 through 2004. The results of the empirical analysis support our main hypotheses.

08/11 FIRM-SPECIFIC FORWARD-LOOKING EFFECTIVE TAX RATES**Peter Egger, Simon Loretz, Michael Pfaffermayr and Hannes Winner**

This paper computes (marginal and average) forward-looking effective tax rates for a sample of more than 550,000 firms in and outside of Europe using Bureau van Dijk's ORBIS data-base. Comparing the firm-level effective tax rates with their country-level counterparts we arrive at two important findings for empirical research on the behavioural response to taxation. First, the firm-level component of the effective tax burden is generally much more important than the one at the country level. Second, tentative empirical results on the nexus between firm sales and corporate taxation illustrate that the conclusions obtained with forward looking firm-level effective tax rates differ starkly from those based on country-level forward-looking rates or backward-looking effective tax rates at the firm level.

08/12 INCREASED EFFICIENCY THROUGH CONSOLIDATION AND FORMULA APPORTIONMENT IN THE EUROPEAN UNION?**Michael P. Devereux and Simon Loretz**

This paper assesses the efficiency properties of recent corporation tax reform proposals of the European Union to introduce international loss consolidation and formula apportionment. We extend the effective tax rate methodology of Devereux and Griffith (1999) to allow for a potential loss and use a large firm level data set to identify the distortions under the current system and following proposed tax reforms. We assess the efficiency of the overall tax system using the two concepts of capital export neutrality and market neutrality. Allowing international loss consolidation in the current system would signify a movement away from both notions of efficiency. A common consolidated tax base with formula apportionment system would move the system towards market neutrality, while improving capital export neutrality only little.

MEDIA COVERAGE

Publication	Publication date	Headline
Accountancy Age	21 April	Shire moves the first of many
	14 May	Mike Devereux on offshore profits
	19 June	Common tax base seductive if it wasn't a 'Trojan horse'
	11 October	On the Money
BBC Radio 4	28 August	World at One, interview with Michael Devereux about corporate tax
BBC World Service	28 August	Interview with Michael Devereux about corporate tax
City A.M..com	29 August	Big firms do 'pay their fair share of tax'
Daily Telegraph	20 May	Tax forum adviser fears more UK exits
	10 October	Corporation rate cut 2pc but Treasury will still reap huge revenues
Financial Times	10 March	Blighted kingdom. How tax changes are spurring non-doms to vote with their feet
	22 April	Warning on more relocations abroad
	30 April	Treasury up against lower tax regimes
	06 May	Out of the door tax treatment tempts businesses to relocate
	12 May	Treasury upbeat but analysts warn of 'huge scope for disappointment'
	19 May	Darling seeks to allay fears of multinationals
	28 May	Big profits weaken case for significant reductions
	02 July	Public believes businesses dodging taxes
	28 July	Politicians fret as companies find routes to fiscal frugality
	28 August	One-third of biggest businesses pays no tax
	18 October	How Tax Burdens are borne will affect the entire economy
Finchannel.com	28 March	Saïd Business School: new professor of business taxation appointed
	02 June	Oxford Saïd Business School: Michael Devereux joins Treasury working group
Government News Network	19 May	Membership of multinational forum on tax
Handelsblatt	03 April	Clemens Fuest wechselt nach Oxford [Clemens Fuest off to Oxford]
International Tax Review	April 2008	UK proposals on foreign profits could cause walk-out
	May 2008	Chancellor confirms tax forum line-up as Liberal Democrats keep tax complexity debate live
	June 2008	EU common tax base in danger of unravelling
	July/August 2007	New standards for private equity

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Olaf Storbeck in **Handelsblatt**,
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Irish Times	16 May	Republic's policies 'eroding' ability to tax multinationals
LawandTaxNews.com	20 May	Darling attempts to ease multinationals' tax fears
M2 Presswire	19 May	Membership of multinational forum on tax
Radio Netherlands Worldwide	10 April	Interview with Rita de la Feria 'Marks & Spencer teacakes'
Tax Adviser	01 June	Where do we go from here
Tax-News.com	21 May	CBI praises business tax forum selections
The Economist	08 May	The other tax rebellion – taxing multinationals
The New York Times	01 June	The problem with the corporate tax
The Observer	04 May	Are the tax exiles worth it?: Experts are divided on whether the Treasury should be squeezing multinationals or tempting them
The Tax Journal	12 May	VAT case
	26 May	Forum membership
	7 July	Briefing report [CBT Breakfast briefing on 'who really pays corporation tax']
The Times	31 January	Corporate funds hold up firms' bottom lines
Western Morning News	28 May	'Short sighted' tax forum under attack

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Michael Devereux is Director of the Oxford University Centre for Business Taxation, Professor of Business Taxation at the University of Oxford, and Professorial Fellow at Oriel College, Oxford. He is Research Director of the European Tax Policy Forum, and Research Fellow of the IFS, CESifo, and the Centre for Economic Policy Research. He is an elected Board Member of the International Institute for Public Finance, and is Editor-in-Chief of *International Tax and Public Finance*. Professor Devereux is a member of the government multinational forum on tax, chaired by the Financial Secretary.

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Rita de la Feria holds a Ph.D. in law (EU VAT harmonisation) from the University of Dublin, Trinity College. She was previously a lecturer in Tax Law and EU Law at the University of Dublin and at Queen's University Belfast. Her research interests are VAT and European tax law and policy. She is the editor of *A Handbook of EU VAT Legislation*.

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Giorgia Maffini is completing a Ph.D. in economics at the University of Warwick. Her research interests include the welfare effects of corporate income tax, productivity differentials between domestic and multinational companies and the effects of tax havens operations in multinational groups.

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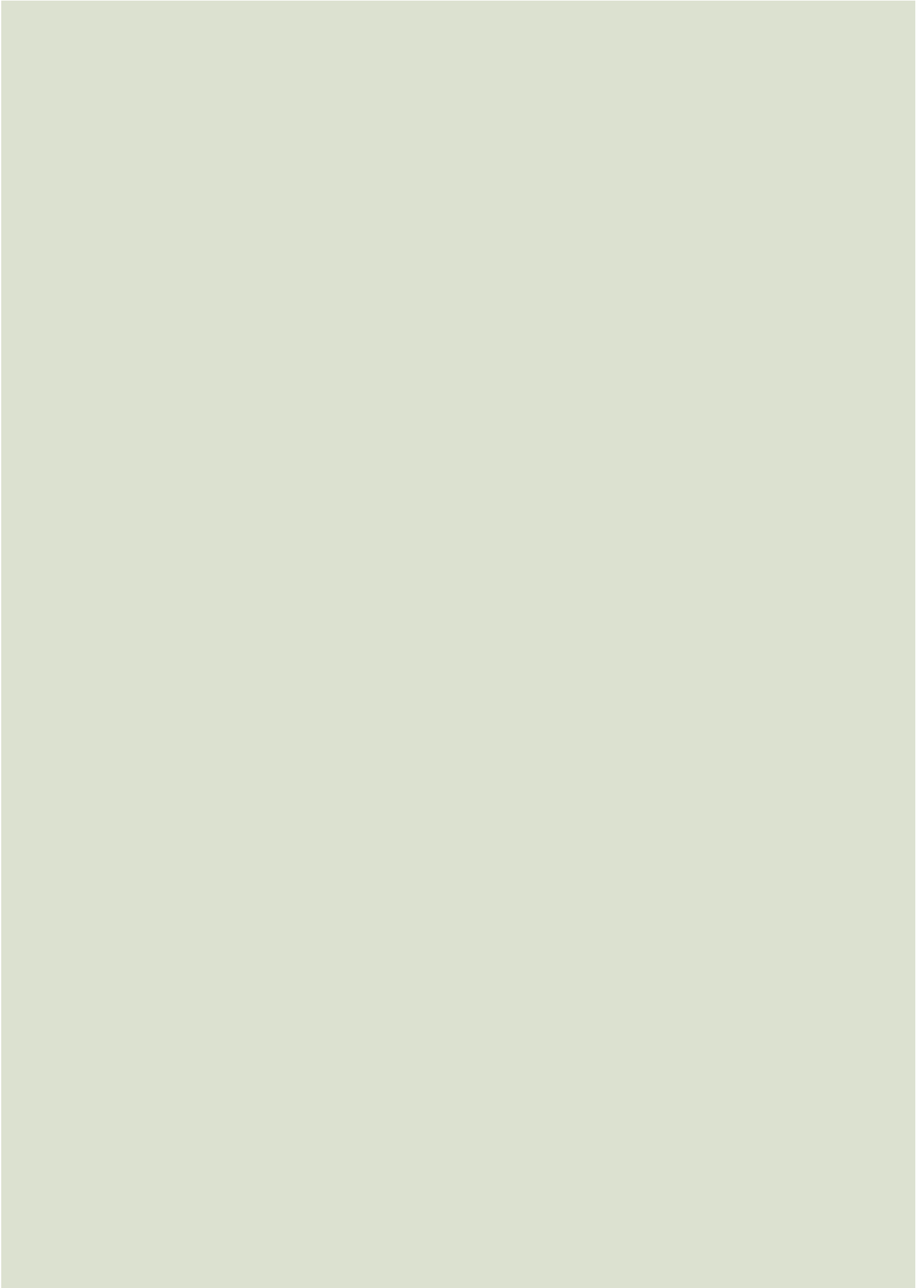
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