UNIVERSITY OF OXFORD

Saïd Business School

Centre for Business Taxation

Annual Report 2018

Oxford University
Centre for Business Taxation

Contents

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Introduction

In previous years, any one of a number of recent developments in the taxation of profit would have dominated attention in tax policy circles for a protracted period: country-by-country reporting; developments in exchange of information; the multilateral instrument; the creation of the Inclusive Framework; an EU direct tax Directive; and US corporate tax reform.

But these are special times, even in the tax policy world. The pace of change in the taxation of profit is accelerating. Those who thought that the OECD BEPS project would usher in a stable new era were mistaken. Stability has not been delivered because the BEPS project did not address the fundamental problems of the current international tax system: it is based on arbitrary distinctions, is hugely complex – and so generates very high compliance costs and uncertainty – distorts business behaviour and is unstable due to competition among countries. And some countries are simply unhappy about the current allocation of taxing rights. The BEPS project may have contributed to reducing profit shifting – at a cost of still greater complexity – but it did not address those fundamental problems.

Those problems are – indirectly – being discussed in the context of taxing the profits of highly digitalised businesses. But even now, the debate is mired in confusion, and some obfuscation, as the OECD and governments continue to cling to concepts that at best only partially describe the existing system, and which do not provide a model for a stable system. Chief amongst these is the notion that the existing system is – and should be – based on where value is created. That is highly questionable. But to tax highly digitalised businesses where their users are on the basis that their users "create value" is bizarre. Such an approach would open the door to markedly different interpretations of what it is to create value as well as adding further complexity.

Beyond the rhetoric, the real divide appears to be between those countries that see an advantage to taxing profit in the market country, and those that resist – though some countries manage to be in both camps simultaneously. The case for taxing in the market country is that consumers are relatively immobile (as are users); this reduces distortions to business location decisions (and hence competition between governments) and makes shifting profit more difficult. Powerful economic forces are pushing the tax system in that direction. This is a case that I have been making for some time. In my view, we can get there either by acknowledging those forces and building a consensus around a new norm. Or we can continue to introduce a raft of unilateral measures, introducing greater incoherence, complexity, and economic distortions – mostly under the muddled and obfuscating cover of "value creation".

I believe that the CBT has had, and will continue to have, an important role to play in this policy debate. It is independent of government and business, yet engages with both, allowing us to understand the various perspectives on the debate. The CBT undertakes fundamental academic work on the nature of taxes on business and their effects. But it is also engaged in the policy debate on immediate policy issues. Each part of our work reinforces the other.

This report of our activities in 2017-18 sets out our main contributions on both elements of our work. We have had an outstanding year for publications in the best academic and professional journals, including a paper in the American Economic Review, a paper in the Tax Law Review, three papers in the American Economic Journal: Economic Policy, as well as a number of papers in the British Tax Review and the National Tax Journal. We have organised academic and policy conferences and presented our work at academic conferences and formal policy settings in countries all around the world. To communicate our thoughts on current policy more immediately, we have started a series of blogs, available to read on our website.

The influence of the CBT is also felt more widely through our researcher alumni. Our previous research director, Clemens Fuest, is now President of the prestigious Ifo Institute at the University of Munich. Of the thirteen people who have previously been research fellows at CBT, four are now full professors and six are, or have been, assistant or associate professors at universities around the world; and another three are working at the OECD, the IMF and the US Federal Reserve Board.

The need for impartial and clear-headed thinking in business taxation is now more important than ever, and the CBT will continue to pursue its aim to promote effective policies for the taxation of business.

Michael Devereux
Director, Oxford University Centre for Business Taxation

Research highlights

Proposals to tax profits in the digitalised economy

Digitalisation of the economy has brought the international corporate tax debate to a critical point, with different reform options being considered by the 122 countries participating in the OCED's Inclusive Framework. One group of countries favours reform targeted at certain highly digitalised businesses, a second group favours system-wide reform and a third argues that there is no immediate need for further reform. This issue will dominate the international corporate tax policy debate for the next few years and its outcome could have a lasting effect on the international corporate tax system. The situation has been addressed in two CBT papers.

The first argues that digitalisation exacerbates a number of problems that have long troubled the existing system, including: real economic distortions, profit shifting, complexity and instability due to competition among states. As these problems ultimately stem from the fact that under the existing system companies are taxed where their mobile factors are located, the paper explores reform options that address the problem directly by taxing companies where their immobile factors are located – namely shareholders and consumers.

The second addresses proposals targeting highly digitalised business favoured by a group of countries including the UK. The paper critically discusses both the short-term measures (such as Digital Services Taxes) and long-term measures (digital PEs) with a particular focus on the latter. It sets out four high-level criticisms of proposals for digital PEs: (i) they are based on a guiding principle (the value creation principle) which is conceptually flawed and problematic in practice; (ii) they seek to ring-fence a set of companies in a way that is conceptually unjustified and practically difficult; (iii) they are likely to involve considerable complexity; and (iv) they fail to deal with the broader challenges faced by the international tax system.

Michael Devereux and John Vella, "Implications of digitalisation for international corporate tax reform" in S Gupta, M Keen, A Shah and G Verdier (eds) Digital Revolutions in Public Finance, 2017, IMF. Reprinted in Intertax, 46, 6&7, June/July 2018, 550-559.

Michael Devereux and John Vella (2018) "Taxing the digitalised economy: targeted or system-wide reform", British Tax Review 4, 387-406.

Michael Devereux, The Digital Services "Sutton" Tax, CBT Blog.

John Vella, Taxing Digital Business: a Plea for Holistic Thinking, CBT Blog.

How well do the income allocation rules work together after BEPS?

The OECD's Base Erosion and Profit Shifting (BEPS) project made a number of very significant changes to the transfer pricing rules. These rules operate to regulate (by reference to the arm's length principle) the pricing of transactions and arrangements between separate legal entities in the same multinational group. The effect of other changes made in the BEPS project has been to widen the circumstances in which one legal entity might be regarded as constituting a "permanent establishment" (in effect, a taxable branch) of another. The main consequence of such a determination is that the separate income allocation rules dealing with the attribution of income to permanent establishments (branches) would be triggered to calculate the amount of the profits that should be allocated to any such branch.

All of these changes raise the question of how the two sets of income allocation rules (the transfer pricing rules and the attribution rules) fit together. That is the question that is explored in this paper. Following the relevant BEPS changes, the interplay of these two sets of income allocation rules is technically very complex. Those provisions are especially relevant in the case of complex global business models and structures. The paper is particularly concerned with additional guidance that has been issued by the OECD on the topic in recent months.

The analysis concludes that a number of critical problems have not been considered by the further OECD guidance. For example, there are various problems relating to the treatment of risk that the new guidance simply ignores. The practical consequences of this situation are important, not least because of the need for clear and relevant OECD guidance as a mechanism to reduce cross border disputes.

Joseph Andrus and Richard Collier, "OECD Discussion Draft: additional guidance on the attribution of profits to permanent establishments", [2017] British Tax Review, No. 5, 509.

Judith Knott asking a question during a debate at the CBT Summer Conference 2018

The challenges for developing countries of implementing the ALP in practice

This paper seeks to assess the (highly practical) matter of whether the OECD's BEPS project has helped, or alternatively hindered, the task for developing countries of applying transfer pricing rules pursuant to the arm's length principle (ALP). The focus of the paper is on states with limited resources with which to administer the tax system in general and the transfer pricing rules in particular.

The paper discusses the fact that material tracts of the BEPS output were arguably of only distant relevance in the context of the immediate, mainstream issues facing developing states. Nonetheless, the effect of the transfer pricing changes that are relevant to developing states is to introduce material complexity into the required administration of the transfer pricing rules. For example, the revised approach from BEPS places a much greater emphasis on the actual conduct of the parties. This increased importance of actual conduct clearly makes the process of administering the transfer pricing rules significantly more onerous.

The paper analyses a number of other developments in the BEPS project that are considered to be helpful to the position of developing states. However, there are two factors which in combination will prove highly problematic for developing countries. First, there is the inevitable escalation of sophistication in the transfer pricing techniques used by (at least some) multinational companies, which will presumably then require corresponding responses by tax authorities, leading in turn to more sophisticated multinational responses, and so on. Second, there is the task of dealing with the ever-increasing complexity in what is required to comply with the ALP. The paper argues that this complexity needs to be addressed in its own right. Given their higher reliance on corporate income tax and challenges with developing resources to administer the ALP, this is a debate in which developing countries have a special interest.

Richard Collier, "The Impact of the OECD/G20 Base Erosion and Profit Shifting Project on the Task for Developing Countries of Applying the Arm's Length Principle in Practice", Bulletin for International Taxation, 2018 (Volume 72), 4/5.

How important are expectations about future tax policy for firms' location choice?

There is a great deal of economic research which attempts to identify the effects of the current tax system, and especially the current tax rate, on the behaviour of economic agents. One important issue that has been studied is the impact of the current tax rates on business location choices.

This paper explores whether firms take potential future tax rate changes into account when making their location choice today. This is difficult to evaluate since firms' expectations about future tax policy are not observed. This research exploits the fact that – once a location decision has been made – governments have the opportunity to tax the resulting business profit at a higher rate the less mobile is the business (so that it cannot move away to avoid the tax).

By studying a highly immobile firm type – wind turbines – after 2000 in Germany, the research is able to show that German municipalities increased the tax rate on business profits the more wind turbines were located in their jurisdiction. In the second part of the analysis, the research then shows that non-turbine firms were less likely to enter jurisdictions with a high risk of wind turbines entering in the future. This is consistent with the non-turbine firms anticipating a higher tax rate in the future.

The research contributes to our understanding of the impact of tax on business behaviour in two ways. First, it highlights that current tax policy has to be credible to be effective. In the setting examined, governments could not credibly commit not to raise the tax rate in the future. Second, the research highlights that for empirical work the current tax rate is not necessarily a good proxy for business expectations of the future tax rate.

Dominika Langenmayr and Martin Simmler: "Why the current tax rate tells you little: Competing for mobile and immobile firms", CESifo Working Paper 6904, 2018.

How would a destination-based tax fit with existing double tax treaties?

The destination-based cash flow tax (DBCFT) has been proposed as a major reform of the international tax system by Michael Devereux and co-authors. The idea was seriously considered in the USA in 2005 and was again the subject of intense debate in the USA in 2017. Although it was ultimately rejected on both occasions, the political and economic forces that led to its consideration remain, and one can reasonably expect that it will be considered again in the future. This indicates the need for further analysis of the proposal. This paper discusses how a DBCFT, if adopted by one or more states, would fit with existing double tax treaties.

The provisions of most double tax treaties are based on the OECD Model Tax Convention on Income and on Capital, reflecting the assumption that both contracting states operate a traditional income tax system. Given that a DBCFT is economically equivalent to a VAT combined with a reduction in payroll taxes, it is not surprising that, as the discussion in the paper shows, treaties are poorly equipped to accommodate a DBCFT.

The treatment of a DBCFT under a double tax treaty depends crucially on whether a DBCFT falls within the scope of the "taxes covered" provisions which are typically included in tax treaties, and in relation to which the various provisions of the treaty are intended to operate. The analysis on this point is not straightforward and the paper therefore considers the relevant implications in the situation both where the DBCFT is covered, and where it is not.

The discussion identifies a number of existing difficulties with the OECD Model Treaty which have a wider relevance than simply to the status of the DBCFT for treaty purposes. For example, there is a discussion of the vague and imprecise standards for assessing the nature of a tax on "income" for treaty purposes. The paper also considers the key policy considerations. This includes the likely treaty policy of states enacting a DBCFT, as well as the implications for states with no DBCFT.

Richard Collier and Michael Devereux, "The Destination-Based Cash Flow Tax and Double Tax Treaties", Oxford University Centre for Business Tax Working Paper 17/06, July 2017.

An abbreviated version of the paper, "The Border-Adjusted Tax and Tax Treaties", was published in Tax Notes International, December 28, 2017, 1181.

How far do R&D tax incentives stimulate R&D?

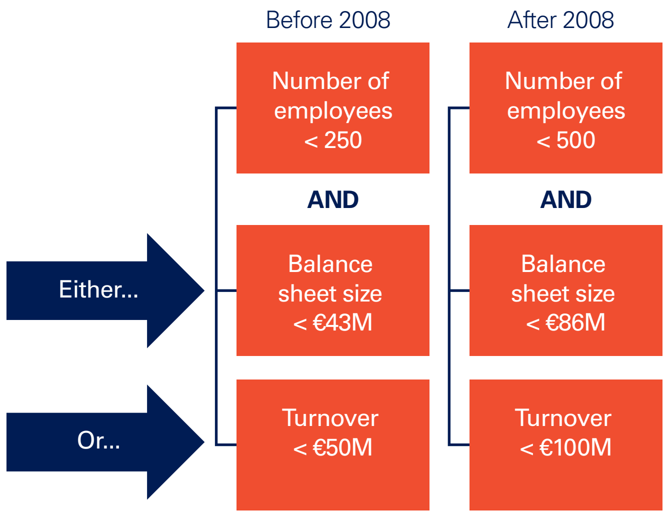
Many countries use tax credits in an attempt to stimulate private sector spending on research and development (R&D). The value of those credits in terms of the additional R&D undertaken in return for the foregone revenue cost is an important tax policy issue. This has been the subject of a considerable research effort in the CBT.

This paper used confidential UK corporation tax returns data made available in the HMRC Datalab to study the impact of a 2008 reform that indirectly made more generous R&D tax credits available to many additional medium-sized enterprises, when the official definition of 'small and medium-sized enterprises' was changed. The quasi-experimental research design placed the medium-sized firms that gained access to the SME scheme only after the reform in the 'treated group', while firms just above the new threshold with more than 500 employees were placed in the 'control group'.

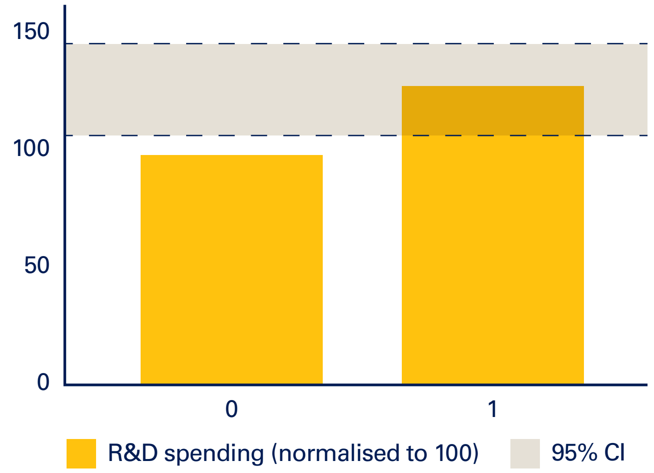
Controlling for other factors around the time of the reform including the global financial crisis, the researchers have found that the treated firms (employing between 250 and 500 employees) increased their R&D spending by around 30 percent. This increase implies that the reform generated around £1 in R&D expenditure for every £1 foregone in corporation tax. The researchers also found that the effects differ between different types of firms.

Impact of the 2008 reform

The reform expanded the definition of SME for R&D tax credits. Below, the thresholds for eligibility to the SME scheme before and after the reform



On average, treated firms increased their R&D by around 30% relative to control firms after the reform.



Michael Devereux and John Vella, "Gaming Destination Based Cash Flow Taxes", Tax Law Review 2018, 71, 477-514.

Alan Auerbach, Michael Devereux, Michael Keen and John Vella, "International Tax Planning under a Destination Based Cash Flow Tax", National Tax Journal, December 2017, 70.4, 783–802.

Is the destination-based cash flow tax open to avoidance?

An important issue for the destination-based cash flow tax (DBCFT) is its robustness to tax avoidance. A research project in this area has generated two published two research papers. The first paper, "International Tax Planning under the Destination Based Cash Flow Tax" considered the robustness of the DBCFT to three common ways of shifting taxable profits between countries: through manipulation of transfer prices, the use of debt, and locating intangible assets in low taxed jurisdictions. It shows that none of these profit-shifting strategies would be available under a DBCFT, if adopted by all countries. This is because intra-group payments between two countries would not affect tax liabilities in either country. If adopted unilaterally, however, there would be an incentive to shift profit – but this would be to the adopting country, at the expense of non-adopting countries.

The second paper, "Gaming Destination Based Cash Flow Taxes", complements the first by considering domestic tax avoidance under a DBCFT. It does not reach a strong conclusion on whether the DBCFT is more robust to domestic avoidance than the typical corporate tax system currently found in most countries. But the analysis undertaken suggests that it is not more vulnerable. This paper also reaffirms the conclusion of the first: that the DBCFT appears more robust to international tax avoidance than the existing system. It does so by carefully examining the planning strategies proposed when the tax was under consideration in the USA in 2017. The paper argues that the proposed strategies either do not work under a properly designed DBCFT, do not work against the interest of the adopting country, or constitute evasion rather than avoidance.

Irem Guceri and Li Liu, "Effectiveness of fiscal incentives for R&D: Quasi-experimental evidence", American Economic Journal: Economic Policy, forthcoming.

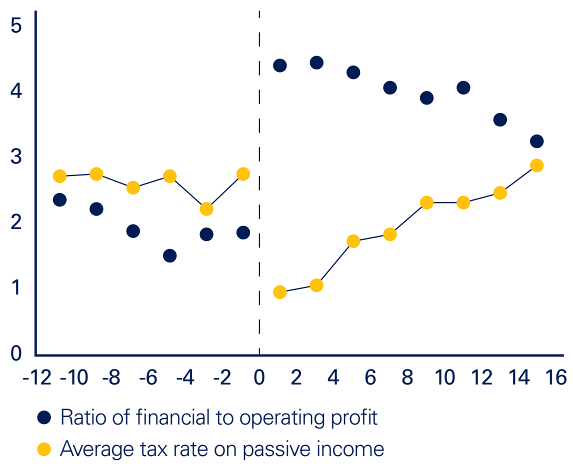
The impact of CFC rules

This research project examines how Controlled Foreign Corporation (CFC) rules affect the profit declared by multinational companies in low tax jurisdictions. CFC rules essentially allow the jurisdiction of residence of a parent company to tax the income of its subsidiaries in low-tax jurisdictions. This creates incentives for multinationals to move income away from those jurisdictions.

Typically, jurisdictions use a tax rate threshold to identify low tax jurisdictions (and hence subsidiaries). The figure below shows an adjusted measure of profit (left axis, filled circles) around this threshold for subsidiaries of parent companies in a number of countries including Germany, France and the United Kingdom. It is evident from the figure that profit rates are significantly higher in jurisdictions above the threshold, suggesting that multinationals tend to report less income in low tax rate jurisdictions subject to CFC rules. The figure also shows the tax incentives around this threshold which ultimately generate this response (right axis, hollow circles).

The paper also presents evidence that new subsidiaries tend to be placed in jurisdictions that are not subject to CFC rules, suggesting that the rules affect the location of both profits and real activity. These results suggest that CFC rules are therefore an effective tool.

Adjusted measure of profit for subsidiaries of parent companies



Sarah Clifford, "Taxing multinationals beyond borders: financial and locational responses to CFC rules", CBT Working paper 2017. Sarah joined the Centre in September 2018, after winning the prize at the CBT doctoral meeting in September 2017.

Carbon border taxes: part of the solution to tackle climate change?

Climate change has been high on the media and political agenda this past year. This summer, the heatwave made the headlines. On October 8th, the Nobel Prize for economics was granted to Paul M. Romer and William D. Nordhaus, the latter for his research on climate economics. The same day, the UN Intergovernmental Panel on Climate Change (IPCC) issued a special report on global warming, drawing attention to the impact of world temperature exceeding 1.5°C above pre-industrial levels. In this report, the UN IPCC underlines the role of pricing policies on greenhouse gas (GHG) emissions in order to limit global warming.

The book published by Alice Pirlot analyses environmental border tax adjustments, including carbon border tax adjustments. These taxes are among the instruments that could be used to put a price on GHG emissions. Proposals in favour of such taxes have been discussed both in Europe and the United States but they have not been made into law. In comparison with other policy instruments that usually put a price on GHG emissions released during production, carbon border tax adjustments would be imposed on domestic and imported products based on their carbon footprint.

The book clarifies the objectives that policy-makers can pursue by means of environmental border tax adjustments. It provides information on possible designs of such taxes, which are very similar to VAT and excise duties with a focus on the environmental impact of products. The book analyses the legal framework surrounding environmental border tax adjustments, in particular international trade law. The researcher concludes by arguing that environmental border tax adjustments can be implemented in a way that is not incompatible with the law of the World Trade Organization. Overall, the book draws attention to the potential role that environmental border tax adjustments could play in countries' policy mix to limit global temperature rise below 1.5°C.

Alice Pirlot, Environmental Border Tax Adjustments and International Trade Law. Fostering Environmental Protection, New Horizons in Environmental and Energy Law Series, Edward Elgar Publishing, 2017.

Who benefits from subsidies for renewable energy?

Countries around the world subsidise investment in renewable energy sources (RES) as part of strategies to alleviate global warming. One often-overlooked dimension of such subsidies is who benefits from them. For example, in the case of wind turbines, is it the electricity producer or the owner of the windy plot of land? This research investigates this question in the context of a feed-in tariff, which guarantees a fixed wholesale price for green electricity for a certain period after the construction of a plant and obliges grid operators to accept the feed-in of green electricity and to compensate producers at a fixed price. Such a tariff was introduced in Germany in 2000.

The research focuses on the price of agricultural land (the main site for wind turbines) before and after the introduction of the scheme. The research shows that agricultural land prices increased in areas with above average wind strength after 2000, which suggests that at least part of the subsidy is capitalised into land prices and thus benefits land owners. To quantify the land owners' share of the subsidy, the research constructs a measure of the potential income of wind turbines in a particular area, and hence the size of the subsidy. This suggests that land prices increased by almost 20% of expected wind turbine profits or 10% of the expected subsidy paid. The research finds that agricultural income in Germany increased by 4% between 2000 and 2007 due to the subsidies.

These results have two main implications. First, since a non-negligible part of RES subsidies is reaped by land owners, there is a case for using land taxes to finance the subsidy. Second, RES subsidies also have implications for other land and property prices. A higher value of agricultural land reduces the likelihood that the land is used for residential or commercial purposes. As a result, residential and commercial property prices are higher in areas with suitable conditions for RES electricity production.

Haan, Peter and Martin Simmler, "Wind-electricity subsidies – A windfall for land owners? Evidence from a feed-in tariff in Germany", Journal of Public Economics 2018, 159,16-32.

Events

Summer conference 2018: Taxing the digitalised economy: Tailored change or wide-ranging reform?

Oxford, 2 July 2018

This conference discussed recent proposals – by the UK, the EU and other countries – to tax the profits of large digital companies where users of the service are located. At a broad level, the policy debate is about whether there is need for any reform, and if so whether it should be a reform targeting certain highly digitalised businesses or a reform that overhauls the international tax system more generally. At a more detailed level, there are many issues – both from a broad design perspective, and from a more technical perspective – of how such profits could be taxed, both in the short and long terms. Both sets of issues were addressed.

This conference attracted over 200 participants who heard speakers from the OECD, the EU Commission, the United Nations, HM Treasury, European Finance ministries, and from industry, representatives from Google, Lloyds Banking Group, Sophos and PwC, as well as academics from the CBT, Florida University and Harvard University. Questions addressed included:

- Does digitalisation create new problems for the tax system or does it simply exacerbate existing problems?
- Do we need reform that addresses the challenges of the digital economy or broader reform of the system?
- Can the digital economy be ring-fenced, while avoiding excessive complexity and uncertainty?
- How do the proposed turnover taxes and digital PE stand up to legal and economic scrutiny?
- Is the principle of taxing where value is created a sound foundation for taxing the profits of either digital or non-digital businesses?

Annual Academic Symposium

Oxford, 27-29 June 2018

This annual 3-day event, celebrated its 12th year in 2018 bringing together over 60 of the world's leading academics in business taxation, from economics, law and accounting, and from the United States, Canada, Europe, Singapore, China, Israel and the UK. 18 original research papers were presented on a wide range of issues in business taxation, including tax competition, profit shifting and tax havens, tax treaties, tax fraud, the US international tax reform, the self-enforcement of VAT, tax holidays, taxation and the allocation of risk, and the incidence of tax on workers and executives.

Oxford-Sydney Tax Research Conference

Oxford, 25-26 June 2018

This two-day event, hosted jointly with the University of Sydney, brought together around 30 legal and economic researchers, academics and practitioners from Australia and the UK. 11 original research papers were presented and discussed on issues ranging from the impact of BEPS, taxing trust-related income, the role of the State Aid provisions in taxation, country-by-country reporting, the taxation of the remote provision of technical services, and stamp duties.

A panel at the summer conference, with Professor Steve Shay (Harvard), Saibh Young (Lloyds Banking Group), Professor Michael Devereux (CBT), Andrew Ure (Google), Michael Lennard (United Nations)

Participants at the annual academic symposium

Employment status meeting

Oxford, 24 May 2018

As a follow-up to our conference last year on Different Ways of Working the CBT held a meeting in Oxford at which tax and employment law academics discussed the HMT/HMRC/BEIS joint consultation paper on employment status. While the approach was welcomed, the Oxford academics were unanimous in urging the government representatives to think about the different objectives of different legal rules and not to believe that one test can necessarily address all the problems. A paper based on the conference in 2017 was published in the Oxford Review of Economic Policy (Vol 34, 3) in summer 2018 (Abi Adams, Judith Freedman and Jeremiah Prassl, "Rethinking Legal Taxonomies for the Gig Economy").

Workshop on "How should we draft tax legislation?"

Oxford, 23 April 2018

Following conversations with relevant government officials, the CBT, working with the Office of the Parliamentary Counsel, organised a small invitation-only workshop on drafting tax legislation, attended by a number of leading tax solicitors, barristers, judges and academics as well as parliamentary counsel and representatives from HMRC. This was an unusual, if not unique, encounter and the format enabled the participants to have a very open and frank discussion on the problems still encountered in drafting under time pressure. The tools available were examined and preferences were expressed relating to such issues as numbering, use of definitions, abbreviations and formulae. Larger issues such as the balance between primary and secondary legislation were also considered.

Conference on the future of the Arm's Length Principle

London, 29 November 2017

Significant reforms to the Arm's Length Principle (ALP) were identified as a major priority for the OECD's Base Erosion and Profit Shifting (BEPS) project. In consequence, the BEPS output included a raft of new transfer pricing measures intended to counter avoidance activity relating to income allocation within a multinational group. BEPS also introduced an increased focus generally on substance and transparency, and, in the process of reform, triggered a material hike in the complexity of applying the ALP.

Against this background, this conference explored what it means to apply the transfer pricing (TP) and permanent establishment (PE) attribution rules in the aftermath of BEPS, and also considered future directions for reform. The discussion of future options for the ALP included those areas on which the OECD is planning to focus as well as other areas which are arguably high priorities for reform if the principle is to remain viable.

The OECD's new head of transfer pricing, Tomas Balco, spoke about the OECD's work and priorities. Richard Collier, Associate Fellow of the CBT, presented the conclusions from his new book co-authored with Joe Andrus and published by Oxford University Press, *Transfer Pricing and the Arm's Length Principle After BEPS*. Other speakers included Louise Sykes, Head of Transfer Pricing at XL Catlin; Matt Hardy, Tax Director for Africa and Asia at Diageo; and Michael Devereux, Director of the CBT.

Annual Doctoral Conference 2017

Oxford, 8-19 September 2017

CBT hosts an annual Doctoral conference, now in its 7th year, where presenters, usually current PhD students, but also young researchers within three years of completing their PhD, are offered the opportunity to present their research and receive feedback in a friendly environment. The prize for best research paper was shared by two young researchers: Sarah Clifford (University of Copenhagen) for her paper Taxing multinationals beyond borders: financial and locational responses to CFC rules, and Axel Prettl (University of Tübingen) for his paper Influence of anti-tax avoidance rules on profit shifting – examining CFC rules and bunching of multinationals.

The CBT Director, Michael Devereux, with the two prize winners from the Doctoral Conference, Sarah Clifford and Axel Prettl

Participants at the conference on the Arm's Length Principle

The panel at the conference on the Arm's Length Principle, with Tomas Balco (OECD), Matthew Hardy (Diageo), Professor Michael Devereux (CBT), Louise Sykes (XL Catlin) and Richard Collier (CBT)

Engagements

CBT researchers engaged with policy makers and businesses, in formal and informal meetings, in many countries and on many different issues. Private events included meetings with Treasury or Tax Departments in the UK, Australia, South Africa and the USA, and with the OECD.

Formal presentations at events organised by national and international public bodies included:

Irem Guceri gave a keynote speech at a workshop organised by the OECD – "OECD Distributed Microdata Analysis on Public Support for Business R&D: First Evidence on Impacts", Madrid.

John Vella gave presentations at:

- A hearing of the EPP WG Economy and Environment (European Parliament) – "Border Adjustment Tax: Global consequences for international trade and financial stability", Brussels
- A public consultation held by the OECD – "Public Consultation on the Tax Challenges of Digitalization", Berkeley
- A conference organized by the S&D Group in the European Parliament and the Foundation for European Progressive Studies –"For a fair, modern and efficient corporate taxation in Europe", Brussels
- A hearing of the TAX3 Special Committee of the European Parliament – "Impact of digitalisation on international tax matters: challenges and remedies", Brussels
- A seminar organised by the Norwegian Tax Authority – "Riksprosjekt TP Seminar", Oslo
- A BRICS Tax Experts Meeting, Johannesburg
- The South African Revenue Service as part of the SARS Thought Leadership Seminar Series, Johannesburg
- A conference organised by the Estonian Ministry of Finance – "Future of the Corporate Income Tax in the World", Tallinn

Michael Devereux and John Vella submitted responses to the OECD'S Request for Input on work regarding the tax challenges of the digitalized economy, and to the EU Commission's consultation: Fair taxation of the Digital Economy.

CBT researchers gave many presentations of their research at academic seminars and academic and policy conferences in the UK and around the world, including:

- International Institute of Public Finance Congress, Tokyo
- European Economic Association Annual Meeting, Lisbon
- Institute for Fiscal Studies Residential conference, "The role of tax in the industrial strategy", Cambridge
- Society of Legal Scholars Annual Conference, Dublin (keynote speech by John Vella)
- Verein für Socialpolitik conference, Vienna
- MaTax conference, Mannheim (keynote speech by Michael Devereux)
- New York University / UCLA Tax Policy Symposium, New York
- Norwegian Centre for Taxation and Centre for Business Economics conference, "Taxation and regulation in a digital economy", Bergen
- University of Zurich conference, Zurich
- International Tax Policy Forum conference, "Can an internationally competitive tax system protect its tax base", Georgetown University, Washington DC
- EconPol Foundation conference, Brussels
- International Tax Policy conference, Munich
- IDEFF, University of Lausanne, University of Leuven, Intertax and IBFD conference, "Taxation and the digital economy: comparing tax policy responses", Lisbon
- "Digitalisation of Economy: Challenges for the Fundamental Tax Principles" conference, University of Leuven
- "Unintended Consequences" conference, Commercial Law Centre, University of Oxford
- CESifo Public Sector Economics conference, Munich
- Seminar, University of Bochum, Germany
- Seminar, International Bureau for Fiscal Documentation, Amsterdam
- Invited lecture, University of Amsterdam
- Invited lecture, University of Lausanne
- Invited lecture, University of New South Wales, Sydney
- Invited lecture, Malta Institute of Taxation Master Class Series, Malta
- European Tax Policy Forum conference, London
- Office for Tax Simplification, London
- CESifo Summer conference, Venice
- Office of Tax Policy Research Conference, Michigan
- International Fiscal Association – Danish Branch, conference, Copenhagen

Honours and Awards

Director awarded Honorary Fellowship of the Chartered Institute of Taxation

Michael Devereux, Director of the CBT, has been awarded an Honorary Fellowship of the Chartered Institute of Taxation. The award has been offered on the basis of his "huge contribution to the tax policy-making debate in the UK and internationally". The Honorary Fellowship has only previously been awarded to 29 individuals in the history of the Institute. The presentation of the award took place at the President's Luncheon in London on 9 January 2018.

Dr Irem Guceri awarded prestigious British Academy Postdoctoral Fellowship

Dr Irem Guceri, a Research Fellow at the CBT, has been awarded a highly prestigious British Academy's Postdoctoral Fellowship to research the causes and consequences of aggressive tax avoidance by businesses.

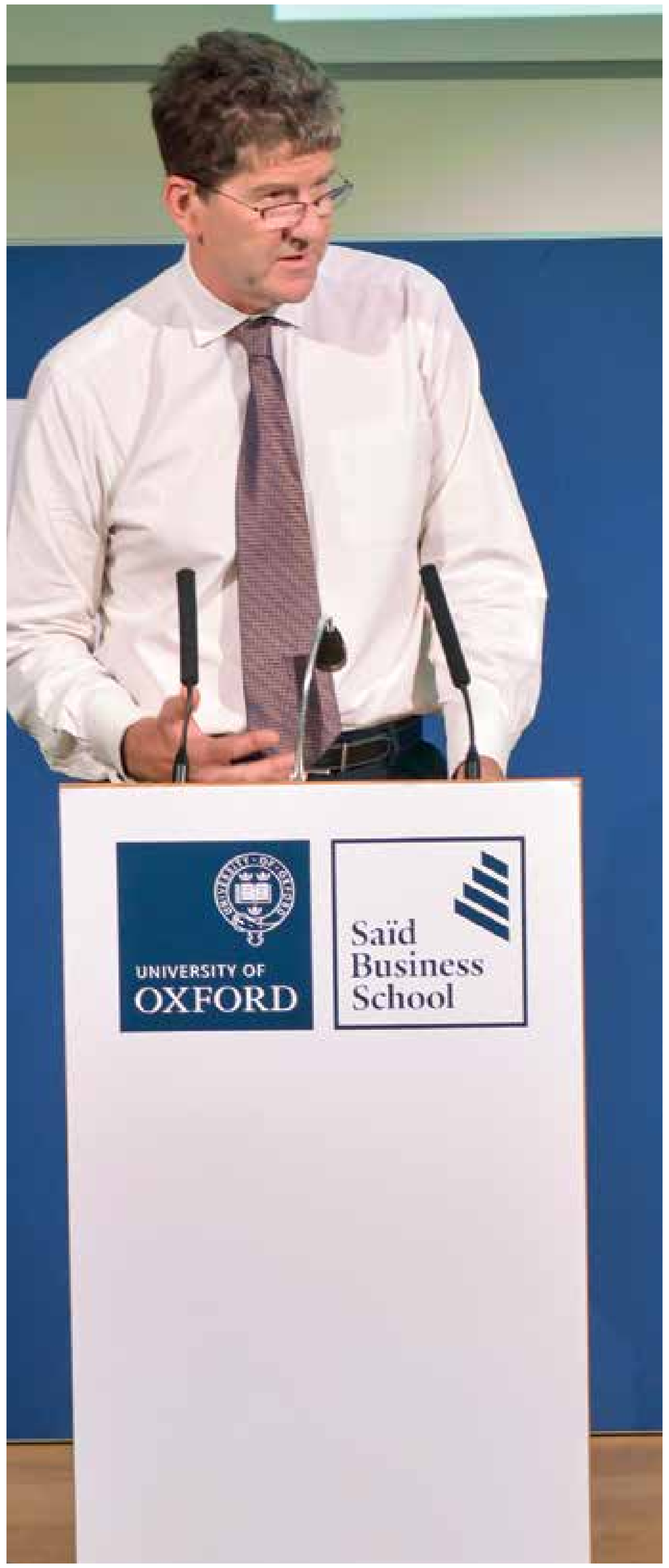
The British Academy Postdoctoral Fellowships are awarded annually to a select cohort of early career academics to undertake specific research projects for a period of three years. Irem's research will study companies that move their profit into tax havens while reporting losses in jurisdictions where they develop, produce, market and sell their products. Using structural estimation methods and confidential micro-level firm data, Irem's work will shed light on the activities of non-tax-paying firms.

Director awarded Richard Musgrave Visiting Professorship

Michael Devereux was named as the recipient of the 2018 Richard Musgrave Visiting Professorship, a prestigious award honouring scholars in public finance. The visiting professorship was established in 2008 to honour the memory of Richard Musgrave, known for being one of the greatest scholars in the field of public finance. As part of the award, Michael delivered the Richard Musgrave Lecture in Munich on 12 April 2018. His topic for the lecture was *Taxing Profit in a Global Economy.*

Michael also delivered the prestigious Klaus Vogel lecture at the Institute for Austrian and International Tax Law, Vienna University of Economics and Business, in September 2018. Michael's lecture was on the subject: *Should we use Value Creation or Destination as a Basis for Taxing Digital Business?*

Publications



Academic and Professional Publications

Adams, Abi, Judith Freedman and Jeremias Prassl, "Rethinking legal taxonomies for the gig economy", *Oxford Review of Economic Policy*, 34.3, 475–494.

Armour, John, Ariel Ezrachi, Luca Enriquez and John Vella, "Putting technology to good use for society: the role of corporate, competition and tax law", *Journal of the British Academy*, forthcoming.

Auerbach, Alan and Michael Devereux, "Cash-flow taxes in an international setting", *American Economic Journal: Economic Policy*, 2018, 10.3, 69-94.

Auerbach, Alan, Michael Devereux, Michael Keen and John Vella, "International tax planning under a destination-based cash flow tax", *National Tax Journal*, 2017, 70.4, 783-802.

Collier, Richard, "Finance (No.2) Act 2017 Notes: Section 20 and Schedule 5: corporate interest restriction", *British Tax Review*, 5, 555.

Collier, Richard, "Finance Act 2018 notes: Section 33 and Schedule 9: bank levy", *British Tax Review*, 2018, 3, 299.

Collier, Richard, "The impact of the OECD/G20 Base Erosion and Profit Shifting project on the task for developing countries of applying the Arm's Length Principle in practice", *Bulletin for International Taxation*, 2018, 72.4/5.

Collier, Richard and Joe Andrus, "OECD Discussion Draft: additional guidance on the attribution of profits to permanent establishments", *British Tax Review* 2017, 5, 509.

Collier, Richard and Joe Andrus, *Transfer Pricing and the Arm's Length Principle after BEPS*, Oxford University Press, 2017.

Collier, Richard and Michael Devereux, "The Border-Adjusted Tax and tax treaties", *Tax Notes International*, December 28, 2017, 1181.

Collier, Richard and Nadine Riedel, "The OECD BEPS Project and developing countries", *Bulletin for International Taxation*, 2018, forthcoming.

Devereux, Michael, Giorgia Maffini and Jing Xing, "Corporate tax incentives and capital structure: new evidence from UK firm-level tax returns", *Journal of Banking and Finance*, 2018, 88, 250–266.

Devereux, Michael, Giorgia Maffini and Jing Xing, "The impact of investment incentives: evidence from UK corporation tax returns", *American Economic Journal: Economic Policy*, forthcoming.

Devereux, Michael and John Vella, "Implications of digitalisation for international corporate tax reform" in S. Gupta, M. Keen, A. Shah and G. Verdier (eds) *Digital Revolutions in Public Finance: International Monetary Fund*, 2017, 91–112.

Reprinted in Michael Devereux and John Vella, 'Implications of digitalisation for international corporate tax reform', *Intertax*, 2018, 46.6&7, 550-559.

Devereux, Michael and John Vella, "Gaming destination-based cash flow taxes", *Tax Law Review*, 2018, 71.3, 477-514.

Devereux, Michael and John Vella, "Taxing the digitalised economy: targeted or system-wide reform?", *British Tax Review*, 2018, 4, 387-406.

Devereux, Michael and John Vella, "Value creation as the fundamental principle of the international corporate tax system", *European Tax Policy Forum Policy Paper*, July 2018.

Dorn, Florian, Clemens Fuest, Bjorn Kauder, Luisa Lorenz, Martin Mosler and Niklas Potrafke "How Bracket Creep Creates Hidden Tax Increases: Evidence from Germany", *ifo DICE Report 2017*, 15.4, 34–39.

Dwenger, Nadja, Frank Fossen and Martin Simmler, "Firms' financial and real responses to credit supply shocks: evidence from firm-bank relationships in Germany", *Journal of Financial Intermediation*, forthcoming.

Fuest, Clemens, Andreas Peichl and Sebastian Siegloch, "Do Higher Corporate Taxes Reduce Wages? Micro Evidence from Germany", *American Economic Review* 2018, 108.2, 393–418.

Fuest, Clemens and Jing Xing, "Central-local government fiscal relations and cyclicality of public spending: Evidence from China", *International Tax and Public Finance*, forthcoming.

Fuest, Clemens, Mathias Dolls, Dirk Neumann and Andreas Peichl, "An Unemployment Insurance Scheme for the Euro Area? A Comparison of Different Alternatives using Micro Data", *International Tax and Public Finance 2018*, 25.1, 273–309.

Fuest, Clemens and Rita de la Feria, "The Economic Effects of EU Tax Jurisprudence", in Werner Haslehner, Georg Kofler, Alexander Rust, (eds.), EU Tax Law and Policy in the 21st Century, Kluwer Law Inter-national B.V., Alphen aan den Rijn, 2017, Chapter 16, 353–384.

Guceri, Irem and Li Liu, "Effectiveness of fiscal incentives for R&D: Quasi-experimental evidence", *American Economic Journal: Economic Policy*, forthcoming.

Haan, Peter and Martin Simmler, "Wind-electricity subsidies – A windfall for land owners? Evidence from a feed-in tariff in Germany", *Journal of Public Economics 2018*, 159,16-32.

Pirlot, Alice, Environmental Border Tax Adjustments and International Trade Law. Fostering Environmental Protection, 2017, *New Horizons in Environmental and Energy Law Series*, Edward Elgar Publishing.

Pirlot, Alice and John Vella, "International Taxation in the United Kingdom post-BEPS" in Kerrie Sediq (ed), *Tax Design and Administration in a Post - BEPS Era: A Study of Key Reform Measures in 16 Countries*, Fiscal Publications, forthcoming.

Vella, John, "Barclays Mercantile Business Finance Ltd v Mawson – living with uncertainty" in John Snape and Dominic de Cogan (eds), *Landmark Case of Revenue Law*, Hart Publishing, forthcoming.

CBT Blog series

The Centre launched a blog series aimed at highlighting relevant and newsworthy items on topics in business taxation. The aim is to produce regular blogs by academics and others with an interest in business taxation. To give you a taste of what is covered the content of one of the blogs written by Centre Director, Michael Devereux can be read below.

A Marxist Approach to International Taxation

When Margaret Hodge complained about how little tax Amazon paid in the UK, the tax cognoscenti rather patronisingly pointed out that the existing system does not generally give the right to tax profit to the country in which a sale in made. But since then the US House of Representatives Ways and Means Committee, the European Commission, and also the OECD have all put forward proposals which move the system in this direction.

Of these, only the Ways and Means Committee (in its June 2016 proposal) seriously considered replacing the existing system with a new system based on the principle that companies should be taxed in the market country. That represents a clear new principle for the allocation of taxing rights – and one that is worthy of consideration. But the Commission and the OECD would maintain the existing system, but add a layer of tax in the market country. Their main concern seems to be that profit should be taxed somewhere – anywhere – rather than be untaxed. For them, a tax in the market country is a response to the failure of the existing system to adequately tax multinational profit elsewhere. But that is not a principled approach; there is no consideration of what is the best location for taxation, only a desperate scramble for more revenue.

To think things through, let's start with the pre-BEPS position – which remains with us, despite the tweaks from BEPS. It is a system based on a 1920s compromise that, very broadly, taxes passive income in the country of "residence" and active income in the country of "source". But neither of those terms – particularly "residence" – is being applied in ways the 1920s founders of the system intended. Did those founders really intend the country of "residence" to be a tax haven where a company owns IP, or lends to the rest of a multinational group? The founders did not really foresee the rise of intermediate companies, with the result that any economic notion of the residence of the ultimate investors has lost out to the notion of the legal residence of a multinational subsidiary. How the system of allocating MNC income globally developed over the intervening 90 years is explained in an excellent new OUP book by Richard Collier and Joe Andrus.

Unfortunately, things became less clear with the BEPS project's insistence that tax should be levied in the place of "economic activity", "relevant substance", "substantial activity" or "value creation". The OECD was presumably trying to reduce profit shifting to countries without such activity or substance. But there is no apparent reason for a country of "residence" to have any such activity or substance.

Where does that leave us? At a conceptual level, the OECD has attempted to overlay a new principle – of taxing in the place of value creation – on top of the existing principles of source and residence. Practical problems arise as a result. For example, when does the principle of value creation take precedence over the principle of residence? One answer appears to be when there is no-one in a residence country who may be bearing risk. So the principle of value creation is interpreted as saying that we have to see where the controller of risk is located. But that no more defines the location of risk – or value creation – than does a clause in a contract. In truth, no approach to assigning risk to a single subsidiary makes any economic sense. Risk is borne by the owners of a multinational company, who may be located around the world – it is not borne by any single subsidiary.

Perhaps not surprisingly, given that the principles on which it is based are so unclear, the system we now have is of mind-boggling complexity. Taxpayers and tax inspectors around the world are struggling to make sense of it, let alone apply it. The weight of complexity has brought the system to its knees.

But we haven't completed outlining the confusion of principles. BEPS Action 1 also considered the notion that the country in which a sale is made – the market country – might also be a suitable place for taxing profit. The concern here was that nothing else would adequately tax the profits of digital companies. Hence, we must now consider the possibility of a digital PE being located in the market country – an idea taken up enthusiastically by the European Commission. Indeed, it seems likely that in the near future some countries will introduce an "equalization tax" on sales by digital companies in market countries. What the proposed tax is supposed to equalize, and why it should be levied on turnover rather than profit, remains a mystery. What does appear to be clear is that it will only apply to digital companies – precisely the opposite of the line taken by both the OECD and the Commission's own Expert Group on Taxation of the Digital Economy in 2014 (of which I was a member).

For many reasons – complexity, distortions to real economic behaviour leading to economic inefficiencies, and profit shifting – there is an unquestionable need to reconsider the principles of where profit is taxed. Let us have a proper debate about what principles to apply to taxing profit, including where to tax it. And let us try to find principles that might conceivably achieve some basic aims, such as fairness, efficiency and simplicity.

But simply adding a new location – the market country – through new ad hoc measures such as a digital PE or an equalization tax, does not amount to a reconsideration of principles. It is rather another attempt to overlay new principles on the old. The new additions will do little to address the current problems, and may well make them worse. So why is this a Marxist approach? Because it is really an attempt to collect tax on the profits of multinationals by any means, and any principles, available – like the old Groucho Marx quote, "those are my principles, and if you don't like them, well I have others".

Other blogs in the series

The Moral Law by Richard Collier

Report of the CBT Conference on *The Future of the Arm's Length Principle* by Michael Devereux

Cleaning up the US Tax System by Scott Dyreng

Relief for First Time Buyers by Eddy Tam

Taxing Pollution Across Borders: An Innovative Proposal? by Alice Pirlot

Taxing Digital Business: A Plea for Holistic Thinking by John Vella

The Arm's Length Principle (ALP) – Is it a Principle and is it Arm's Length? by Richard Collier

Our response to Tax Fraud is Endangering the Rule of Law by Rita de la Feria

The Digital Services "Sutton" Tax by Michael Devereux

Read the full blogs: business-taxation.sbsblogs.co.uk

Centre working papers

2017

Destination-based taxation of corporate profits – preliminary findings regarding tax collection in cross-border situations
Marie Lamensch

Corporate tax incentives & capital structure: new evidence from UK firm-level tax returns
Michael Devereux, Giorgia Maffini, and Jing Xing

Taxing multinationals beyond borders: financial and locational responses to CFC rules
Sarah Clifford

Controlled foreign corporation rules and cross-border M&A activity
Dominik von Hagen and Axel Prettl

2018

Behavioural response to time notches in transaction tax
Hui Fung (Eddy) Tam

Tax fraud and the rule of law
Rita de la Feria

At a cost: The real effects of transfer pricing regulations
Ruud de Mooij and Li Liu

Casting a wider net: Experimental evidence from Costa Rica
Anne Brockmeyer, Marco Hernandez, Stewart Kettle and Spencer Smith

Tax treaties and developing countries
Eric Zolt

The new non-territorial U.S international tax system
Dan Shaviro

Capitalists in the twenty-first century
Matthew Smith, Danny Yagan, Owen Zidar and Eric Zwick

Information, asymmetric incentives, or withholding? Understanding the self-enforcement of Value-Added-Tax
Mazhar Waseem

Firms response to tax enforcement through audits
Claudio Agostini, Juan Pablo Atal and Andrea Repetto

US firms on foreign (tax) holidays
Travis Chow, Jeffrey L Hoopes and Edward L Maydew

Decomposing the margins of transfer pricing
Andrea Lassman and Benedikt Zoller-Rydzek

The missing profits of nations
Thomas Torslov, Ludvig Wier and Gabriel Zucman

The rise of inequality and the fall of tax equity (or the limits of ideal setting tax-philosophy and public finance)
Ilan Benshalom

Are presumptive taxes a good option for taxing self-employed professionals in developing countries?
Daisy Ogembo

International corporate tax avoidance: a review of the channels, magnitudes and blind spots
Sebastian Beer, Ruud de Mooij and Li Liu

How do entrepreneurial portfolios respond to income taxation?
Frank M Fossen, Ray Rees, Davud Rostam-Afschar, Viktor Steiner and Sebastian Beer

Taxes and the location of targets
Wiji Arulampalam, Michael Devereux and Federica Liberini

Tax progressivity and self-employment dynamics
Wiji Arulampalam and Andrea Papini

The Centre's working papers are available at www.sbs.ox.ac.uk/research/oxford-university-centre-business-taxation

Opposite: Ali Kennedy (Sophos) speaking at the CBT Summer Conference

MSc in Taxation

September 2017 saw the second intake of students on the Oxford University MSc in Taxation. This cohort of 32 students came from all over the world, representing 23 nationalities.

The MSc is a two-year part-time degree taught by the Faculty of Law in association with the Centre for Business Taxation. Unusually among masters degrees in taxation, the MSc in Taxation was designed by lawyers and economists together. The interdisciplinary nature of the degree ensures that students not only acquire a detailed understanding of technical law, but also the ability to think deeply about the underlying policy considerations.

Teaching on the MSc in Taxation is undertaken in Oxford in intensive periods, primarily during three residential weeks and in other short blocks of time at weekends. The flexibility of the course allows students to tailor their studies to their individual preferences, which appeals to a range of students from a variety of disciplinary backgrounds. The degree aims to accommodate both those who are engaged in full-time careers and those who are taking a break but have other duties and responsibilities.

In addition to staff from the Law Faculty and the CBT (Michael Devereux, Anzhela Cédelle, Richard Collier, Irem Guceri and Alice Pirlot from the CBT and Judith Freedman, Glen Loutzenhiser and John Vella from the Law Faculty), the degree is taught by Visiting Professor Philip Baker QC and Visiting Professor Emma Chamberlain. Other visiting lecturers this year were Jennifer Blouin, Pennsylvania; David Duff, University of British Columbia; Rita de la Feria, Leeds; Chris Evans, University of New South Wales; Peter Harris, Cambridge; Martin Hearson, LSE; Andy Lymer, Birmingham; Philip Ridgway, Temple Tax Chambers; Michael Ridsdale, Wedlake Bell LLP; Richard Vann, University of Sydney.

Topics taught included international taxation, UK corporate tax, EU taxation, comparative taxation, taxation and public policy, value added tax, tax and human rights, tax and accounting and current issues in taxation.

For further information about the MSc see:
www.law.ox.ac.uk/msctax

Participants on the residential course of the MSc in Taxation

Visitors

The following visited the CBT during the year 2017-18 to undertake research, with visits ranging from a few weeks to four months.

Jennifer Blouin is Professor of Accounting at the Wharton School, University of Pennsylvania.

Her research centers on the role of taxation in firm decision making. She studies taxation in many contexts, including capital structure, asset pricing, payout policy and multinational firm behavior. Jennifer's research has been published in top-tier academic journals including *Accounting Review, Journal of Accounting Research, National Tax Journal and the Journal of the American Taxation Association*. She has received funding from the Rodney L. White Center for Financial Research, the Global Initiatives Research Program and the International Tax Policy Forum.

Scott Dyreng is Associate Professor of Accounting at Duke University. His research interests are in corporate tax avoidance, international taxation, and accounting for income taxes. He has published in *The Accounting Review, Journal of Accounting Research and Journal of Financial Economics*, among others. He has received the Excellence in teaching Award in the Duke MMS programme three times. He received his PhD at the University of North Carolina, and holds Master's and bachelor's degrees in accounting from Brigham Young University.

Lisa Maria Fell is an academic staff member at the Chair of Business Administration and Taxation, Prof. Dr Ulrich Schreiber, at the University of Mannheim. Her research interests are in the fields of international profit allocation and profit shifting. She completed her Master of Science in Business Administration with a specialization in Accounting and Taxation in summer 2013. Together with Ulrich Schreiber, she has published an important paper on *International profit allocation, intangibles and sales-based transactional profit split in the World Tax Journal*.

Phillip de Jager is an Associate Professor in the Department of Finance and Taxation at the University of Cape Town and is a National Research Foundation rated scientist. His research is in accounting, financial economics and monetary economics. He is currently working on a large research project on tax avoidance in South Africa. He has published in top-tier academic journals such as *Accounting, Organizations and Society*. He is associate editor of the academic journals, Meditari Accountancy Research and the South African Journal of Accounting Research. He recently undertook work for the Competition Commission of South Africa on excessive pricing conduct.

Michael Lennard is Chief of International Tax Cooperation and Trade in the Financing for Development Office of the United Nations. Previously he was a tax treaty adviser in the OECD Tax Treaty Secretariat and prior to that he worked on tax treaty and other international tax matters at the Australian Tax Office. He has led Australian negotiating teams on trade, investment, environmental and tax treaty matters and has prepared argument for matters before the Australian High Court, the US Supreme Court and the WTO. His published work on treaty interpretation has been cited before WTO panels and before the WTO Appellate Body. He has degrees from the University of Tasmania, the Australian National University and Cambridge.

Sophia Piotrowski is a research assistant in the Chair of Chair for Tax Law and Public Law, Professor Roland Ismer, at the Friedrich-Alexander University of Erlangen- Nuermberg. She has already published several papers, including papers in the taxation of immovable property, resolving tax treaty disputes, and on the selectivity of tax measures in *Intertax*.

Franz Reiter is an economics researcher from the Ludwig Maximilians University of Munich. He has worked primarily on the economic effects of bank taxation, including the impact of the German bank levy, and profit shifting by German banks.

Jing Xing is an Assistant Professor of Finance at the Antai College of Economics and Management at the Shanghai Jiao Tong University, and an International Research Fellow at the Oxford University Centre for Business Taxation. Prior to joining Antai in 2014, she was a Research Fellow at the Oxford University Centre for Business Taxation between 2011 and 2014. She obtained her DPhil in Economics from the University of Oxford. Her research interests include public economics, taxation, and corporate finance. She serves on the Associate Editorial Board for International Tax and Public Finance, and is a member of the Board of Management for the International Institute of Public Finance.

CBT Researcher Alumni

Professor Johannes Becker
Professor of Economics and Director of Institute of Public Finance, University of Münster, Germany

Professor Rita de la Feria
Professor of Tax Law, University of Leeds, UK

Professor Clemens Fuest
President, ifo Institute – Leibniz Institute for Economic Research at the University of Munich, Germany

Dr Li Liu
Economist, International Monetary Fund, USA

Professor Geoffrey Loomer
Assistant Professor of Law, Schulich School of Law, Dalhousie University, Canada

Dr Simon Loretz
Researcher, Austrian Institute of Economic Research, Vienna, Austria

Dr Giorgia Maffini
Deputy Head of Tax Policy and Statistics Division, OECD

Dr Socrates Mokkas
Senior Economic Researcher, Telenor Group, Norway

Professor Nadine Reidel
Professor of Public Finance and Economic Policy, Ruhr-University Bochum, Germany

Dr Tim Schmidt-Eisenlohr
Senior Economist, Board of Governors of the Federal Reserve System, USA
Previously, Assistant Professor, University of Illinois at Urbana-Champaign, USA

Professor John Vella
Associate Professor of Tax Law, University of Oxford, UK

Professor Nicolas Serrano-Verlade
Associate Professor, Bocconi University, Italy

Professor Johannes Voget
Professor of Taxation and Finance, University of Mannheim, Germany

Professor Jing Xing
Assistant Professor, Antai College of Economics and Management, Shanghai Jiao Tong University, China

What is the Centre for Business Taxation?

The Centre for Business Taxation (CBT) is an independent multidisciplinary research centre which aims to promote effective policies for the taxation of business from its base in Saïd Business School. The Centre also has close links to other university departments such as Economics and the Law Faculty. The Centre undertakes and publishes research into the aims, practices and consequences of taxes which effect business.

The CBT is led by a Director, supported by a Director of Legal Research, and by programme directors who are professors from Oxford, Warwick and Munich. The CBT research team has experience in academic research and tax policy and are drawn from backgrounds in economics and law.

The CBT's research programme is determined on the basis of academic merit and policy relevance. This is decided by the Director and the CBT's Steering Committee.

The CBT was formed in 2005 and was initially funded by substantial donations from a large number of members from the Hundred Group. A number of these companies and others continue to support the CBT; current corporate donors are:

- AstraZeneca
- BAE Systems
- BP
- BT
- Diageo
- GSK
- Heathrow Airport Holdings Limited
- IHG
- Lloyd's
- Lloyds Banking Group
- National Grid
- Relx
- Royal Dutch Shell
- Schroders
- Sky

The CBT has also received funding from several other sources, including Oxford University and research grants from a number of sources including the Economic and Social Research Council, the Nuffield Foundation and the British Academy.

Opposite: Will Morris (PwC) speaking at the CBT Summer Conference 2018

Who we are

Director

Professor Michael Devereux is Director of the Oxford University Centre for Business Taxation, Professor of Business Taxation and Associate Dean for Faculty at Saïd Business School, Professorial Fellow at Oriel College, Oxford, and Co-Director of the MSc in Taxation in the Oxford Law Faculty.

He is currently ranked by Research Papers in Economics (REPEC) as the world's leading researcher in the field of public finance outside the United States. He is Honorary President of the International Institute for Public Finance, Research Director of the European Tax Policy Forum, and a member of the Board of Academic Advisers of the International Tax Policy Forum. He is Research Fellow of CESifo and the Centre for Economic Policy Research. He is a member of the editorial boards of the British Tax Review and the World Tax Journal and was previously Editor in Chief of International Tax and Public Finance and Managing Editor of Fiscal Studies. He has published widely in academic journals. He has also made contributions to the tax policy-making debate in the UK and internationally, especially through the OECD, the IMF, and the EU Commission where he was a member of the European Commission High Level Expert Group on Taxation of the Digital Economy. He acted as Specialist Adviser to the Economic Affairs Committee of the House of Lords on its enquiry into corporation tax in 2013. Prior to his appointment at CBT, he obtained his PhD in Economics at University College London and was Professor and Chair of the Economics departments at the Universities of Warwick and Keele.

Director of Legal Research

Professor Judith Freedman CBE is Pinsent Masons Professor of Taxation Law in Oxford University and Co-Director of the MSc in Taxation in the Oxford Law Faculty. Judith was one of the two Acting Directors of CBT when it was established in November 2005. She was a member of the Aaronson General Anti-Avoidance Rule Study Group and has served on many other governmental and policy committees. She is a member of the Council of the Institute for Fiscal Studies (IFS) and the IFS Tax Law Review Committee. Judith is a visiting Adjunct Professor in the Australian School of Taxation and Business Law, University of New South Wales. She is general editor of the British Tax Review and is on the editorial boards of the Modern Law Review, eJournal of Tax Research, Canadian Tax Journal, Australian Tax Review and Tax Journal. Judith is a past Chair of the Addington Society.

John Vella is an Associate Professor in the Faculty of Law at Oxford, a Fellow of Harris Manchester College, and a Co-Director of the MSc in Taxation in the Oxford Law Faculty. John plays a significant role in directing the CBT and its main events. He studied law at the University of Malta (BA and LLD) and the University of Cambridge (LLM and PhD) and was previously Norton Rose Career Development Fellow in Company Law at Oxford and then Senior Research Fellow at the CBT. His recent research has focused on the taxation of multinationals, financial sector taxation, and tax compliance and administration. He has given evidence on these issues on a number of occasions both before UK Parliamentary Committees and Committees of the European Parliament.

Associate Fellow

Dr Richard Collier is a qualified lawyer and chartered accountant, and a former partner at PwC. He has been very closely involved with the work of the OECD since the late 1990s and has been especially active in the BEPS project. He now works on a wide range of research projects for CBT, especially on tax treaties and transfer pricing, the implications of the BEPS project and more fundamental reform. In 2017 the Oxford University Press published his new book, co-authored with Joe Andrus, *Transfer Pricing and the Arm's Length Principle after BEPS*. Richard also teaches on the MSc in Taxation at the Oxford Law Faculty.

Programme Directors

Professor Wiji Arulampalam is Professor of Economics at the University of Warwick. She is also an Adjunct Professor at the University of Oslo and a Research Fellow at IZA, Institute of the Study of Labor, Bonn, Germany. She is a member of the editorial board of Foundations and Trends in Econometrics.

Professor Stephen Bond is Senior Research Fellow at Nuffield College and a Professor in the Department of Economics, University of Oxford. He was previously Deputy Director of the ESRC Centre for Public Policy at the Institute for Fiscal Studies and a member of the IFS Mirrlees Review editorial team.

Professor Clemens Fuest is President of the Ifo Institute in Munich, and Professor of Economics and Director of the Center for Economic Studies at the University of Munich. Prior to that he was President and Director of Science and Research of the Centre for European Economic Research (ZEW) in Mannheim, and before that he was Research Director of the CBT. He is a member of the Academic Advisory Board of the German Federal Ministry of Finance.

Professor Ben Lockwood is Professor of economics at the University of Warwick. He is a research fellow of CEPR and CESifo and a member of the editorial boards of Social Choice and Welfare and the Journal of Macroeconomics. He is a member of the Board of Management of the International Institute of Public Finance and has acted as a consultant on tax policy for the IMF and PwC.

Researchers

Senior Research Fellow

Dr Anzhela Cedelle (née Yevgenyeva) joined the CBT in 2012. She holds a DPhil in Law from the University of Oxford, where she had previously completed her Masters in Law. She also holds a BA and MA in Law from the Kyiv-Mohyla Academy in Ukraine. She is the Managing Editor of the looseleaf encyclopedia D. Vaughan and A. Robertson (eds.), The Law of the EU (OUP). Her current research addresses various aspects of taxation and EU law with a particular interest in the intersection of these two fields. Anzhela has been on sabbatical at the OECD in Paris during the past year.

Research Fellows

Dr Irem Guceri joined the CBT in 2014. Irem holds a DPhil in Economics from the University of Oxford. She previously received her BA in Economics from Koc University in Istanbul and her MSc in Economics at LSE. She has also previously worked as an economist at the World Bank in the Europe and Central Asia region, Financial and Private Sector Development unit. Her current research focuses on productivity and corporate taxation in R&D-intensive sectors. She was awarded a British Academy fellowship in 2017.

Dr Alice Pirlot joined the CBT at the beginning of 2018. Previously, Alice was a research fellow of the National Belgian Fund for Scientific Research (F.N.R.S.) at the University of Louvain, where she completed her PhD in April 2016. Alice also studied law at the Universities of Namur, Antwerp and Louvain (Belgium), and holds a Master of Arts in European Interdisciplinary Studies from the College of Europe (Poland). She has been awarded various prizes and scholarships, including an Honourable Mention of the International Fiscal Association for her doctoral thesis.

Dr Martin Simmler joined the CBT in 2014, having completed his DPhil in Economics at the Free University Berlin in 2013. His research interest is public economics, in particular, the impact of taxes and public goods and service provision on firm decisions (location, finance, employment and investment decision). Martin is also a Research Fellow at the German Institute for Economic Research Berlin (DIW Berlin).

Dr Eddy Hiu Fung Tam joined the CBT in 2017 on completing his PhD in Economics at the London School of Economics, where he was also a Teaching Fellow and worked in The Suntory Toyota International Centre for Economics Related Discipline. Eddy completed his BSc in Economics from The Chinese University of Hong Kong, and MSc in Economics from the London School of Economics. His research interests include public economics and development economics.

Research Assistant

Leonie Hug joined the Centre after completing her MSc Degree in Economic Policy at UCL in October 2017, and a Bachelor Degree from Rheinische Friedrich-Wilhelms-Universität Bonn. She is now studying for a PhD at the University of Munich. Her research interests include fiscal policy and public economics.

DPhil Scholar

Daisy Ogembo is an Advocate of the High Court of Kenya. She holds an undergraduate degree in Law from the University of Nairobi and a Masters in Law from the University of London. Daisy worked for six years in the leading litigation firm of Oraro & Company Advocates, where she made numerous oral arguments before judges of the High Court and Court of Appeal in Kenya. Since January 2013, she has been working at the Strathmore Law School as a full-time faculty member and Director of Research, Strathmore Tax Research Centre but is currently on a sabbatical whilst completing her DPhil in Oxford.

Centre Administrative Officer

Pauline Simpson joined the centre in 2015. She is responsible for the administrative work associated with the centre and for keeping the website up to date. She also deals with all the logistical arrangements involved in running the centre’s events and conferences.

Oxford University Centre for Business Taxation

The Oxford University Centre for Business Taxation (CBT) is an independent research centre which aims to promote effective policies for the taxation of business.

CBT undertakes and publishes multidisciplinary research into the aims, practice 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.

CBT's research programme is determined on the basis of academic merit and policy relevance, and is the responsibility of the Director and the Centre's Steering Committee. Decisions on the Centre's research programme and the content of research are taken independently of the views of the Centre's donors and other funding agencies and comply with the University's Donor Charter. All research carried out at the Centre is undertaken with a view to publication.

CBT complies with the University's policy on conflict of interest.

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Saïd Business School
University of Oxford
Park End Street
Oxford, OX1 1HP
United Kingdom

www.sbs.oxford.edu

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