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Centre for
Business Taxation

Annual Report 2019

Oxford University
Centre for Business Taxation

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Introduction

The pace of reform of the taxation of international business profit continues to quicken. The BEPS project may at the time have been ‘the most significant re-write of the international tax rules in a century’, but the OECD also acknowledged that ‘BEPS measures do not necessarily resolve the question of how rights to tax are shared between jurisdictions, which is part of the long-term issue’. It is only now that members of the OECD Inclusive Forum are seriously reconsidering the broader allocation of taxing rights.

The Centre for Business Taxation continues to play a key role in that debate, most recently not only in providing an intellectual underpinning for potential reforms, but also in providing some of the key personnel. In particular, Richard Collier, an associate fellow of the Centre who has worked closely with researchers in Oxford for some years, is currently on secondment to the OECD as a senior tax policy adviser leading the ‘Pillar 1’ work on the possible introduction of some form of destination-based taxation. He joined Anzhela Cédelle, a CBT senior research fellow who was also on secondment at the OECD as a counsellor working on transparency and exchange of information for tax purposes, providing advice on legal and policy matters at the international level, as well as directly to national governments. Also notable is Giorgia Maffini – another CBT senior research fellow who moved to the OECD – and whose work there with David Bradbury on the taxation of digitalised companies earned her the accolade from the *International Tax Review* in 2018 of joint number 1 in their list of the top 50 ‘most influential people, events and companies which have had an impact on the global tax landscape during the past year’.

On the more academic side, Stephen Bond, a long-time programme director of the CBT, was awarded a 2018 Citation Laureate by *Clarivate Analytics*, which each year recognises 17 world-class researchers as *Citation Laureates*. This celebrates researchers whose influence is comparable to that of Nobel Prize recipients, as attested by exceptionally high citation records. At a more junior level, Katarzyna Bilicka, who originally arrived at the CBT some years ago as a research assistant and was subsequently supported by the

CBT to study for a DPhil in economics, published research from her dissertation in the world’s leading economics academic journal, the *American Economic Review*, an outstanding achievement. And Daisy Ogembo, a DPhil student in law also supported by the CBT, was awarded both her DPhil and a prestigious postdoctoral fellowship by the British Academy, joining another CBT research fellow who is a recipient of such a fellowship, Irem Güçeri.

These awards attest to the quality of the research undertaken by the CBT. Academic quality underpins all of our work and is vital but not sufficient. We also seek to be active in the policy debate, in the UK, Europe and beyond: our aim is to promote effective policies for the taxation of business. We have an outstanding record of doing so. Our academic work underpins our policy contributions, and our understanding of current policy issues informs our research.

Once again I would like to thank everyone who has supported the Centre for another year. One person requires special mention: Judith Freedman. Judith was a founding member of the CBT in 2005 and has played a central role in all of our activities ever since. Judith retired as a full-time Professor of Taxation Law in Oxford in 2019. But I am pleased that she remains in a part-time position as Professor of Taxation Law and Policy and will continue to play an important role in the CBT’s research and other activities.

Michael Devereux
Director, Oxford University Centre for Business Taxation

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Research highlights

Towards fundamental reform of the international taxation of business

The Oxford International Tax Group of economists and lawyers, chaired by Michael Devereux, has spent some years discussing options for the fundamental reform of the international system for taxing business profit. The Group will publish their work as an Oxford University Press book in 2020.

One proposal which they have developed is for a new system that they identify as Residual Profit Allocation by Income, or RPAI. This has been published in advance of the book as a working paper. The proposal is one of a family of schemes based on separating the total profit of a multinational enterprise (MNE) into two parts – the ‘routine’ profit and the ‘residual’ profit. This distinction is familiar in the context of profit splits. The RPAI allocates the right to tax routine profit to the country where functions and activities take place. It allocates the right to tax residual profit to the market, or destination, country where sales are made to third parties.

This proposal has echoes in the OECD’s current work on ‘Pillar 1’ of its consideration of the challenges arising from the digitalisation of the economy. However, the RPAI is more comprehensive and consistent than the ideas that the OECD is considering.

The group argues that the RPAI has attractive properties – while it is far from perfect, it matches well reasonable criteria for evaluating proposals for tax reform: economic efficiency, fairness, robustness to avoidance, ease of implementation, and incentive compatibility. The RPAI is based firmly on concepts employed by the existing system. Its superior performance under these criteria relative to the existing system stems primarily from allocating taxing rights for residual profit to the destination country. The relative immobility of the third-party purchaser of goods and services sold by the company – especially in the case of individuals – implies that the location of the taxation of residual profit is not easily manipulated. This is true of manipulation by shifting real economic activity – which creates economic distortions and hence inefficiencies – and also of the manipulation of the location of taxable profit. Thus the introduction of the RPAI would be likely to result in a significant improvement in the performance of the existing system, both in terms of economic efficiency and robustness to avoidance.

Michael Devereux, Alan Auerbach, Michael Keen, Paul Oosterhuis, Wolfgang Schön and John Vella ‘Residual Profit Allocation by Income’, Oxford University Centre for Business Taxation Working Paper 19/01.

Taxing the digitalised economy

Despite having only recently undergone ‘the most significant re-write of the international tax rules in a century’ during the BEPS process, members of the OECD Inclusive Forum turned their attention in 2018 to broader issues of the allocation of tax rights, as the OECD acknowledged that ‘BEPS measures do not necessarily resolve the question of how rights to tax are shared between jurisdictions, which is part of the long term issue’. The presenting issue has been around the taxation of ‘highly digitalised businesses’ (HDBs) for which the existing system is particularly unsuitable. Although one group of countries took the view that the BEPS process had ended the need for further reform, the key debate was between countries that believed there was a need for a special regime for HDBs and those that argued that a reform that applied to all businesses was more appropriate. In March 2018 the EU Commission put forward two proposals targeted at certain HDBs, which were thus aligned with the views of the first group. Individual countries have done likewise, including the UK. Yet since then the OECD has moved further towards fundamental reform for all businesses.

This research project addressed the central issue of special taxation for HDBs from an academic and policy perspective. Digitalisation exacerbates and exposes clearly the problems plaguing the existing system, for example, in dealing with ‘hard to value intangibles’. Nevertheless, the problems that are faced in taxing HDBs are also present for other businesses. This research project set out four high level critiques of proposals to tax HDBs separately: (a) they are based on a guiding principle that is conceptually flawed and unable to provide guidance in practice; (b) they seek to ring-fence a set of companies in a way that is conceptually unjustified and practically difficult; (c) they are likely to involve considerable complexity; and (d) they fail to deal with the broader challenges faced by the international tax system. It therefore favoured more fundamental reform which does not differentiate between sectors.

Michael Devereux, and John Vella ‘Taxing the Digitalised Economy: Targeted or System-Wide Reform?’, *British Tax Review* 2018, Issue 4, Pages 301-320, and Oxford University Centre for Business Taxation Working Paper 18/23.

Developing ideas about taxing profit: a long view

Michael Devereux began his career as an economist researching in business tax in 1982, at the Institute for Fiscal Studies. As part of a special issue of the journal *Fiscal Studies*, to celebrate the fiftieth anniversary of the IFS, he has written a paper outlining the development of academic thinking on the taxation of profit over that period.

Following the pioneering work of the IFS Meade Committee in 1978, economists generally thought at the time that a ‘source-based’ cash flow tax on economic rent was economically efficient and progressive. The more immediate developments in thinking at the time related to implementation – including the proposal in 1991 by the IFS Capital Taxes Committee, chaired by Malcolm Gammie, for an allowance for corporate equity (ACE) which has similar properties to the cash flow tax.

But further consideration of international issues in open economies cast doubt on this consensus for two related reasons. First, even a tax on economic rent can affect mutually exclusive business location decisions, as businesses choose the location with the highest post-tax economic rent. Second, the narrow base of a tax on economic rent would require a relatively high statutory rate to collect a given revenue, which worsens incentives for profit shifting. Both of these key problems would be solved by developing the original Meade Committee proposal to levy taxation in the market, or destination, country: a destination-based cash flow tax (DBCFT). The key idea here is that income is taxed in the place of the customer, who is relatively immobile. Largely as a consequence, location decisions would be unaffected by the tax. Also, the location of the tax makes it much harder to shift profit.

The promise of an economically efficient, yet progressive, tax is therefore still on the agenda. Although the DBCFT was considered in the United States in 2016/17 (and previously in 2005), the actual practice of taxing the profits of multinational companies has of course not kept up with the theory. However, the most recent developments in the OECD have been in the direction of introducing at least some element of destination-based taxation.

Michael Devereux, ‘How should business profit be taxed? Some thoughts on conceptual developments during the lifetime of the IFS’, Oxford University Centre for Business Taxation Working Paper 19/12, forthcoming in *Fiscal Studies*.



Professor Itai Grinberg (Georgetown) presenting at the Academic Symposium 2019



Session at the 2019 Academic Symposium



Professor Jim Hines (Michigan) asking a question at the CBT Summer Conference 2019

Are destination-based taxes incompatible with WTO law?

Over the past 15 years, the United States has twice considered introducing a destination-based cash flow tax (DBCFT) as a way of reforming its corporation tax (in 2005 and in 2016/17). The DBCFT has two main advantages over the existing system (and others currently being considered by the OECD): it is economically efficient – leaving business investment, location and financial decisions unaffected by taxation – and it is much more robust to profit shifting.

Despite these advantages, the DBCFT has not (yet) been passed into law. Many issues were raised and discussed in the US tax policy debate in 2016/17; one of these was the question of whether a DBCFT would violate the law of the World Trade Organisation (WTO). Legal scholars have generally argued that there would be such a violation. This research project sets out to analyse the position, and comes to a different – and, to a certain extent, opposite – conclusion.

The research analyses historical records from the OECD and the Council of the General Agreement on Tariffs and Trade (GATT). This shows that the finding that the DBCFT would be contrary to WTO law is based on misconceptions as to how WTO law interacts with taxation. Indeed, this historical approach helps to show that some of the legal arguments made in past scholarship are also based on a misrepresentation of views expressed in the 1960s and 1970s. The project uses case-law materials to provide an extensive analysis of GATT and WTO law disputes on destination-based taxes.

The main conclusion of the paper is that there is a relatively low risk of the DBCFT being found to be in violation of WTO law. This could have a significant impact on future tax reforms in the United States and elsewhere. By using the DBCFT as a case-study to reflect on the trade implications of taxes imposed in the country of destination, this research also highlights that other new types of destination-based taxes should not be disregarded because of their alleged incompatibility with WTO law.

Alice Pirlot 'An Analysis of the Alleged WTO Law Incompatibility of Destination-Based Taxes', to be published in the Florida Tax Review.

The DBCFT has been proposed and analysed in detail by the Oxford International Tax Group, chaired by Michael Devereux: see Alan Auerbach, Michael Devereux, Michael Keen and John Vella 'Destination-based cash flow taxation', Oxford University Centre for Business Taxation Working Paper 17/01. This will form part of an Oxford University Press book by the group, to be published in 2020.

Do better schools and streets attract new businesses?

The main focus of the Centre's research is on taxation, as might be expected. However, governments may also affect business decisions through the expenditure side of the budget – in providing public goods. Some of these goods may be directly relevant to business; others may be rather indirect, such as the provision of schooling.

The continuing reduction in corporation tax rates around the world suggests that the predominant way that governments aim to attract new business is by lowering their tax bills. This research project sets out to ask how far can they also do so by improving the provision of public goods. The project uses data from municipalities in Germany; there is substantial variation between municipalities in respect of both the taxation of business profits and the provision of public goods. The project investigates how far both taxes and public goods provision affects the number of new firms in a jurisdiction.

The research finds that an increase in the tax rate in a municipality by 1% reduces the number of new businesses by 5% but that an increase in public goods provision by 1% increases the number of new firms by less than 1%. The impact of public goods provision is stronger for employment-intensive firms; it is also stronger for public spending directed to households – for example, spending on schools, parks and public swimming pools.

Overall, though, the research finds that tax policy is a less costly tool to attract new firms into a particular jurisdiction, having a greater effect on location decisions. However, while the policy of reducing tax rates is effective, there is also evidence of a corresponding reduction in the number of new businesses elsewhere. By contrast, the policy of increasing expenditure increases the number of new businesses generally, and does not have the same impact on other jurisdictions.

Nadine Riedel, Martin Simmler, and Christian Wittrock 'Local fiscal policies and their impact on the number and spatial distribution of new firms'. Oxford University Centre for Business Taxation Working Paper 18/20

What are the problems with income allocation rules?

In 2010, the OECD completed its 13-year project to reform the rules governing the attribution of income to permanent establishments (PEs). The final 240-page report comprised four separate papers setting out how the new 'authorised OECD approach' ('AOA') should work generally, and by reference to certain specific industry sectors. The report also led to a new article and an accompanying commentary in the OECD Model Tax Treaty.

The intention behind the project was to overhaul the way profits were attributable to PEs and in the process to achieve greater uniformity in the international tax system, thereby reducing the incidence of double taxation. But the work has not delivered the goals it set out to achieve. Five core problems were identified and explored in this research project.

First, the new approach has not delivered the intended global uniformity of approach. A number of states, including even OECD member countries, have rejected the new approach. For those states adopting the change, the pace of adoption has been glacial. The result is a limited and slow take-up of the new approach, leaving the previous diversity of country approaches not significantly altered and meaning that unresolved differences continue to cause problems in the international tax system. Second, the new 'AOA' is in practice difficult to apply: it is highly complex, vague in parts, and over-dependent on assumptions and hypotheses. Contrary to the basic objectives of the new approach, dispute is arguably increased, not contained. Third, certain changes in the BEPS project have had the effect of magnifying the practical impact of the difficulties with the PE attribution rules, primarily by changing the relationship between those attribution rules and the transfer pricing rules.

Fourth, there has been a failure of the repeated attempts (of which there have so far been three) that have been made since the BEPS output in 2015 to resolve the (admittedly complex) task of clarifying the fundamental interaction of the BEPS transfer pricing rules and PE profit attribution rules. The result leaves the taxpayer with little in the way of meaningful guidance in this area. Fifth, there are challenges to the PE attribution rules arising from the ongoing digital debate. Many of the avenues being pursued in the work on digitalised businesses are based on an entirely different conceptual approach to that underlying the existing PE attribution rules.



Judith Freedman at the Academic Symposium 2019

How do tax incentives affect charitable donations?

Tax relief for charitable giving is controversial. On the one hand, it creates an incentive for individuals and businesses to support charities. On the other, it effectively requires the government to contribute (from foregone tax revenue) to whatever charities are chosen by the taxpayer. Higher rate taxpayers effectively have a greater tax incentive, since the tax rate that they would otherwise face is higher.

An important practical question for the policy debate is the extent to which taxpayers respond to tax relief; are charitable contributions higher because of the relief? This research project investigates this question. The project makes use of confidential self-assessment tax returns data in the HMRC Datalab, exploiting variation amongst taxpayers through the tapering of the personal allowance and the introduction of the 50p tax rate in 2010. The removal of the personal allowance (by £1 for every additional £2 of income) meant that a new marginal tax rate of 60 percent applied to a range of incomes over £100,000.

The additional tax relief for higher marginal rate taxpayers is available only to individuals who declare their donations in their tax returns. But only 11 percent of taxpayers completing a self-assessment return report any charitable donations, even though surveys suggest that about 60 percent of UK population gives to charity. This discrepancy suggests that there are costs of making a declaration. The research estimates that this is equivalent to around £47, amounting to about 10 percent of the median declared donations in the data. The implied costs have a significant effect on the impact of the incentives provided by tax relief.

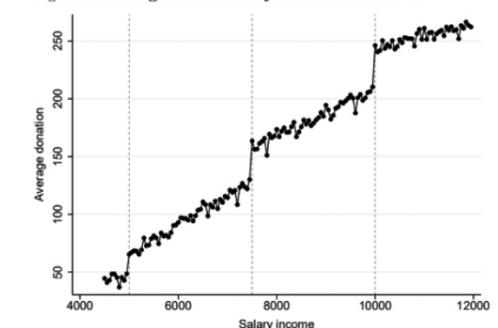
A hybrid tax enforcement policy

Enforcement of taxes depends on the veracity of the information received by the tax authority. In many instances there are forms of third-party reporting – for example, employers report payments made to employees. There are also examples that combine elements of self- and third-party reporting, where taxpayers self-report to the tax authority but must file documentation issued by a third-party to corroborate their claims. This enforcement policy is globally widespread and is used by the United States, Germany and France to deter taxpayers from over-claiming deductions.

This research project investigates how taxpayers respond to this form of hybrid reporting. We use data from the Republic of Cyprus where this policy is used for the purpose of checking deductions for charitable contributions. To avoid large administrative costs, Cyprus sets a lower threshold for deductions so that only if a taxpayer claims more than this amount are the reporting requirements activated. This threshold varies across taxpayers depending on the level of salary income. The Figure below shows average deductions claimed compared to salary income. The dotted lines illustrate the points at which these thresholds increase. This means that a taxpayer above the line can claim a larger deduction without providing documentation compared to a taxpayer below the line.

As the Figure below clearly shows, taxpayers respond very strongly to the activation of this enforcement policy. The research project finds that, when taxpayers can claim £1 more without documentation, deductions increase by 70 pence. It also finds that a very large portion of this response is a pure reporting response and is not related to actual charitable giving.

Figure 1: Average donations by income 1999-2001



Events

Summer Conference 2019: Taxing the digitalised economy: Closing in on Reform

Oxford, 5 July 2019

This conference explored the issues arising from the deliberations of the Inclusive Framework in 'addressing the tax challenges of the digitalisation of the economy' following a report made by the OECD to the G20 in June. It involved leading speakers and participants from OECD, government, business, professional firms and academia.

The conference attracted over 200 participants who heard speakers from the OECD (Pascal Saint-Amans, Richard Collier, Achim Pross and Sophie Chatel), HM Treasury (Mike Williams), IMF (Li Liu), and industry representatives from Unilever (Janine Juggins), Proctor and Gamble (Amy Roberti), Johnson and Johnson (Katherine Amos) and PwC (Giorgia Maffini), as well as academics from the CBT, Georgetown Law School (Itai Grinberg), the University of Michigan (James Hines) and the University of Cologne (Johanna Hey).

Questions addressed included:

- What are the problems to which the Inclusive Framework is seeking a solution?
- Is the aim still to fix perceived problems for a well-defined, if important, 'digitalised' sector of the economy? Or is the agenda much wider, with proposals for reform aimed at the entire economy?
- Pillar 1 of the proposals seeks to assign more taxing rights to the 'market' country. Is this a fundamental shift to create a 'new taxing right'? Or does it merely reflect the view that value created in the market country is not sufficiently acknowledged under the existing system?
- Pillar 2 is a proposal for global anti-base erosion (GloBE) measures, which 'seeks to address remaining BEPS risk of profit shifting to entities subject to no or very low taxation', primarily by introducing an income inclusion rule that would operate as a minimum tax for income arising in foreign branches and controlled entities. Among other things, the OECD believes that this may stop a harmful race to the bottom, and 'could effectively shield developing countries from the pressure to offer inefficient incentives'. These are strong claims; are they justified?

Annual Academic Symposium

Oxford, 8 – 10 July 2019

This annual 3-day event, celebrating its 13th year, brought together over 40 of the leading academics in business taxation from the United States, Europe, China, Israel and the UK.

It gave those present the opportunity to discuss the most recent academic research in business taxation on topics ranging from ironing out the tax code and assessing the tax compliance burden to tax policy and lumpy investment behaviour, profit allocation by income and corporate taxation and the distribution of income.



Panelists at the 2019 summer conference: Sophie Chatel (OECD), Anzhela Cédelle (CBT and OECD), Itai Grinberg (Georgetown Law School), Katherine Amos (Johnson & Johnson) and Amy Roberti (Proctor and Gamble).



Participants at the annual academic symposium in July 2019.

The Dynamics of Taxation: Current Challenges

Oxford, 15 – 16 May 2019

In anticipation of the retirement of Judith Freedman CBE, Professor of Tax Law, Oxford University Law Faculty, Director of Legal Research, Oxford University Centre for Business Taxation, and Fellow of Worcester College, Oxford, her colleagues are writing a collection of original essays on tax law and policy issues for a Festschrift in her honour. The Festschrift will be published by Hart Publishing in 2020. It is envisaged that the resulting volume will be a landmark piece within taxation scholarship worldwide, worthy of Professor Freedman's legacy.

The aim of the conference was to bring together the contributors to the Festschrift for two days to allow them to present drafts of their Festschrift chapters, to discuss each other's contribution to the volume, and to celebrate Professor Freedman's teaching and research in the areas of taxation of small business and individuals, tax avoidance, tax administration, and taxpayers' rights and procedures.

Annual Doctoral Conference 2018

Oxford, 12 – 13 September 2018

CBT hosts an annual Doctoral conference, now in its eighth 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 paper and receive feedback in a friendly environment. The prize for best paper was awarded to Terry S. Moon, Princeton University, for his paper on Capital Gains and Real Corporate Investment.

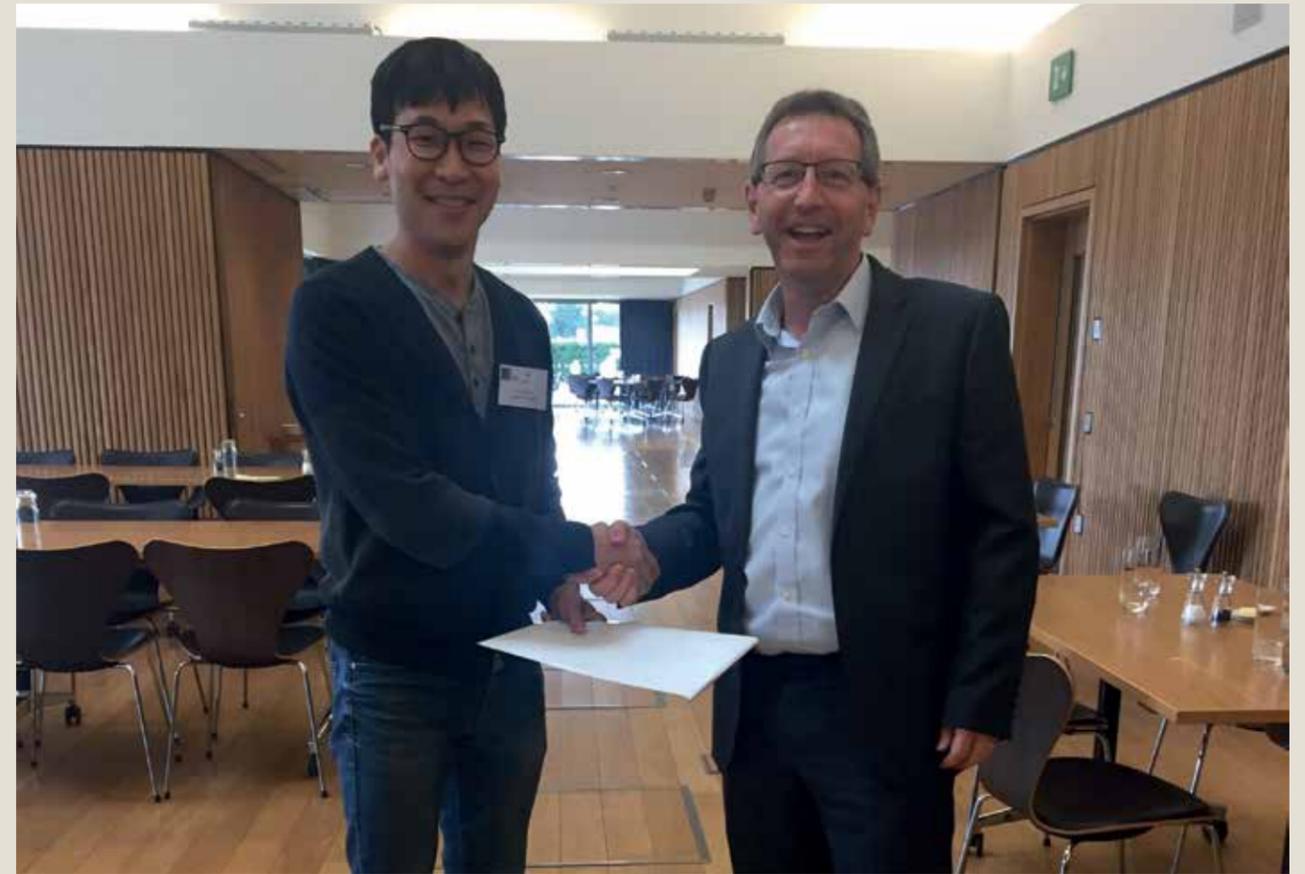
International Tax Cooperation: The Challenges and Opportunities of Multilateralism

Oxford, 10 – 11 December 2018

This conference was aimed at engaging academics, policymakers and representatives of international organisations in the evaluation of the recent developments in international tax cooperation and exploring the challenges and opportunities created by multilateral approaches. Over two days the conference hosted close to 100 participants from all over the world to discuss the most topical issues in international tax cooperation. The event was supported by the British Academy as part of the British Academy's Rising Star Engagement Award received by Anzhela Cédelle.

International tax cooperation is undergoing a period of rapid transformation. The global efforts led by the G20 and the OECD, which aimed at addressing base erosion and profit shifting (BEPS) and at enhancing tax transparency, have shaken up traditional institutional and legal approaches. The BEPS process produced the Inclusive BEPS Framework and the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS (MLI), whereas the Global Forum on Transparency and Exchange of Information for Tax Purposes and the Convention on Mutual Administrative Assistance in Tax Matters provided a multilateral basis for closer administrative collaboration between tax authorities.

Whilst some would praise the victory of more inclusive platforms and multilateral legal instruments, others would point to certain flaws in the chosen institutional and legal approaches and argue that the progress has been confined to anti-avoidance and evasion measures and cannot be repeated in other – arguably more controversial – areas, such as digital economy and allocation of taxing rights more broadly.



The CBT Director, Michael Devereux, with the prize winner from the Doctoral Conference, Terry S. Moon.



Steven Dean, Professor of Law, Brooklyn Law School, presenting at the conference on International Tax Cooperation: The Challenges and Opportunities of Multilateralism.



Participants at the conference on *The Dynamics of Taxation: Current Challenges*, in honour of Professor Judith Freedman.



Professor Michael Devereux (CBT) and Professor Judith Freedman CBE (Oxford) at *The Dynamics of Taxation: Current Challenges* conference

Engagement

CBT researchers have engaged with policy makers and businesses, in secondments, formal and informal meetings, in many countries and on many different issues. Private events included meetings with HM Treasury, HMRC and the Treasury or Tax Departments in Australia and Norway, and with the OECD.

The most significant engagements were the secondments of two members of the CBT to the OECD. Richard Collier was appointed as a senior tax policy adviser to the OECD, to lead its 'Pillar 1' work on taxation of the digitalised economy. Anzhela Cédelle was appointed as a counsellor at the OECD, working on transparency and exchange of information for tax purposes, providing advice on legal and policy matters at the international level, as well as directly to national governments.

Formal presentations at events organised by national and international public bodies included the following.

Michael Devereux:

- was a panellist in the EconPol session on Implications of US tax reform for Europe at the IIPF Congress in Tampere, Finland in August 2018;
- gave the Klaus Vogel Lecture in Vienna in September 2018. He presented his paper 'Should we use Value Creation or Destination as a Basis for Taxing Digital Business?';
- presented a Keynote Speech at the National Tax Association Conference in New Orleans on the topic 'Where should profit be taxed?' in November 2018;
- gave a presentation on issues in taxing profit to the Norwegian Ministry of Finance in January 2019; and
- gave a presentation on 'Who should tax international income?' to a workshop hosted by Georgetown Law Institute of International Economic Law and the International Tax Policy Forum in Washington DC in February 2019.

John Vella:

- gave a lecture entitled 'Digitalisation: Will it be a Catalyst for Fundamental International Tax Reform?' as part of the MIT Master Class Series organised by the Malta Institute of Taxation, in Malta in July 2018;
- gave a presentation entitled 'Is our corporate tax system fit for the challenges of the 21st century?' given at a conference organised by the Estonian Ministry of Finance - 'Future of the Corporate Income Tax in the World: Is this the end of the CIT as we know it?' in Tallinn in September 2018; and
- gave a presentation entitled 'ACE and tax policy rationale behind the tax treatment of debt/equity' given at a conference organised by the Danish branch of the International Fiscal Association in Copenhagen in October 2018.

Michael Devereux, John Vella and Irem Güçeri have taken part in two workshops at the OECD on evaluating proposals for reforming the taxation of the digital economy. John Vella presented a presentation on the 'Residual Profit Allocation by Income' at the second workshop in June 2019, in Paris.

Judith Freedman presented work on tax simplification to a conference of the South African Institute of Chartered Accountants in Johannesburg in October 2018.

Eddy Tam gave a presentation to the Tax Framework Division of the Australian Treasury in Canberra, on the impact and tax incidence of stamp duty tax on housing transactions in July 2019. He also presented work on VAT to the VAT Policy Analysis Team in HMRC.

Irem Güçeri presented her work on losses, 'Tax Policy for Companies without Tax Liability', to the Direct Business Tax Team at HMRC in June 2019.

Researchers also presented at many academic seminars and conferences, including the following presentations.

- 'Behavioural response to time notches in transaction tax: Evidence from stamp duty in Hong Kong and Singapore', 'On the relationship between public and private R&D – Evidence from Germany', 'Worldwide and Territorial Taxation of profits and multinational firms' competitiveness', 'Product-market competition and profit shifting of multinational enterprises', All the above were presented at the 74th Annual Congress of the International Institute of Public Finance in Tampere, Finland.
- 'Pessimistic or Desperate? Structural evidence on financing constraints from a natural experiment' 'Worldwide and territorial taxation of profits and multinational firms' competitiveness' 'Taxing the digitalised economy: targeted or system-wide reform?' All the above were presented at the National Tax Association Conference in New Orleans
- 'The GAAR', IFA Congress, Seoul
- 'The gig economy', University of Toronto
- A discussion of Uruguayan tax reforms, University of Zurich
- 'Reforming international taxation', Oslo Centre for Fiscal Studies
- 'The UN Sustainable Development Goals (SDGs) & their (legal) impact on tax policy' at the 14th GREIT Annual Conference on 'Tax Sustainability in an EU and International Context', Lund University School of Economics and Management
- 'Taxation of the digital economy', Institute for Fiscal Studies residential conference
- 'Energy and Environmental Taxation in EU Law', University of Louvain
- 'Radical Reform of the Existing International Corporate Tax System', conference on 'Taxation and Regulation in the Digital Economy', University of Bergen
- 'Trade and climate policy in 2018 and beyond. How to get the incentives right?', SWP-DIW Berlin Workshop
- 'Value Creation and Formulary Apportionment', conference on 'Formulary Apportionment', Center for Interuniversity Research and Analysis of Organizations, Montreal

- 'Destination-based cash flow tax under WTO law', Seminar on International Taxation, Friedrich-Alexander-Universität Erlangen-Nürnberg (FAU), Nürnberg
- 'Principle as a double edged sword: the Digital Services Tax', Annual Spring Symposium of the National Tax Association, Washington DC
- 'Quantifying and Alleviating Financing Constraints for Innovative Firms', CESifo Public Sector Economics Area Conference, Young Affiliate Prize Candidates' Session, Munich
- 'The End of Tax Havens?', Bureau for Economic Policy Analysis, The Hague
- 'The impact of housing stamp duty tax in Asia', Antai College of Economics and Management, Shanghai Jiaotong University, Shanghai
- 'Taxing the Digitalised Economy: Targeted or System-Wide Reform?' 'Unilateralism and the Limits of International Fiscal Coordination' Conference of Notre Dame University, Max Planck Institute for Tax Law and Public Finance and the Norwegian Center of Taxation, London

Researchers also gave a number of interviews in radio and TV. Michael Devereux gave several interviews for BBC TV and radio news, on a number of issues in international taxation. Irem Güçeri participated in a TV Discussion on TRT World Roundtable (2019), on 'Taxing the Rich: Solving the World's Economic Problems'. Researchers also briefed journalists on CBT research and on broader policy issues, and the CBT's research was mentioned on several occasions in the print media in the UK and elsewhere. One example is the article written by Martin Wolf in the Financial Times in March 2019 which strongly supported the proposal for the destination-based cash flow tax advocated by Michael Devereux, John Vella and other members of the Oxford International Tax Group.



A panel at the CBT Summer Conference with Professor Michael Devereux (CBT), Dr John Vella (Oxford), Pascal Saint-Amans (OECD), Mike Williams (HM Treasury) and Janine Juggins (Unilever)



Richard Collier (CBT/OECD), Pascal Saint-Amans (OECD) and Achim Pross (OECD) at the CBT Summer Conference 2019

Honours and Awards



Professor Michael Devereux delivered the Klaus Vogel Lecture

Michael Devereux delivered the prestigious Klaus Vogel Lecture at the Institute for Austrian and International Tax Law in Vienna in September 2018. He presented his paper 'Should we use Value Creation or Destination as a Basis for Taxing Digital Business?'. The lecture is an annual event held in honour of Professor Klaus Vogel who was the Professor of Public Law at the University of Munich from 1977–1996.

Professor Michael Devereux delivered keynote speech at the National Tax Association Conference

Michael Devereux delivered a keynote speech on 'Where should profit be taxed?' at the National Tax Association conference in New Orleans in November 2018. The NTA is the leading association of scholars and professionals in taxation in the United States and attracts over 400 members to its annual conference.



Professor Stephen Bond named 2018 citation laureate

Stephen Bond, CBT Programme Director, was selected as a 2018 Citation Laureate by Clarivate Analytics. Each year 17 world-class researchers are recognised as Citation Laureates. The distinction celebrates researchers whose influence is comparable to that of Nobel Prize recipients, as attested by exceptionally high citation records within the Web of Science. Since the first selection of Citation Laureates were named in 2002, 46 have gone on to become Nobel laureates.



Dr Katarzyna Bilicka has research published in the American Economic Review

Dr Katarzyna Bilicka has published a paper from her DPhil 'Comparing UK tax returns of foreign multinationals to matched domestic firms' in the American Economic Review (2019, 109(8), 2921-53) - which is considered one of the most prestigious and highly distinguished journals in the field of economics. Kat has been a research assistant and DPhil scholar at CBT. She used information from confidential UK corporate tax returns data to explore whether there are systematic differences in the taxable profits of multinationals and domestic companies.



Dr Daisy Ogembo awarded British Academy Postdoctoral Fellowship

Daisy Ogembo, a DPhil Scholar at the CBT, has been awarded a prestigious British Academy's Postdoctoral Fellowship, which are awarded annually to a select cohort of early career academics to undertake specific research projects for a period of three years. Daisy's research project is on 'A Constitutional Prod: Has Transformative Constitutionalism in Africa Resulted in Institutional Change and Power Shifts in Tax Administration?'.



Dr Irem Güçeri nominated for CESifo Young Affiliate Award

Irem Güçeri was nominated for the CESifo Young Affiliate award. She presented her paper 'Quantifying and Alleviating Financing Constraints for Innovative Firms' alongside three other finalists at the CESifo Public Sector Economics Area Conference in Munich in March 2019. This nomination enabled her to become a CESifo Research Network Affiliate.



Dr Alice Pirlot awarded Jean Monnet project

Alice Pirlot was part of a Jean Monnet teaching project which has just been selected by the European Commission for funding. The teaching project is a Summer School on European Taxation under the co-ordination of Professor Alfano Roberta. Jean Monnet activities are designed to promote excellence in teaching and research in the field of European Union studies worldwide. The activities also foster the dialogue between the academic world and policy makers with the aim in enhancing governance of EU policies.

External academic publications

Adams, Abi, Judith Freedman and Jeremias Prassl (2018) 'Rethinking Legal Taxonomies for the Gig Economy', *Oxford Review of Economic Policy* 34, 475-494.

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

Arulampalam, Wiji, Michael P. Devereux and Federica Liberini (2019) 'Taxes and the location of targets', *Journal of Public Economics* 175, 161-178.

Bilicka, Katarzyna Anna (2019) 'Comparing UK tax returns of foreign multinationals to matched domestic firms', *American Economic Review* 109.8, 2921-53.

Clifford, Sarah (2019) 'Taxing multinationals beyond borders: Financial and locational responses to CFC rules', *Journal of Public Economics* 173, 44-71.

Collier, Richard and John Vella (2019) 'Five core problems in the attribution of profits to permanent establishments', *World Tax Journal*, 11.2, 159-187.

Collier, Richard, Seppo Kari, Olli Ropponen, Martin Simmler and Maximilian Todtenhaupt (2018) 'Dissecting the EU's recent anti-tax avoidance measures: Merits and problems', *Econpol Policy Report* 2018/08.

Debelva, Filip and Alice Pirlot (2018) 'National Report (Belgium)', in Chris Evans et al (eds.), *Improving Tax Compliance in a Globalized World*, International Bureau of Fiscal Documentation, 161-183.

Devereux, Michael P. (2019) 'How should business profit be taxed? Some thoughts on conceptual developments during the lifetime of the IFS', *Fiscal Studies*, forthcoming.

Devereux, Michael P. (2019) 'Tax avoidance under residual profit splits: A brief response', *Tax Notes and Tax Notes International*, May 13.

Devereux, Michael P., Niels Johannesen and John Vella (2019) 'Can taxes tame the banks? Evidence from European bank levies', *Economic Journal*, forthcoming.

Devereux, Michael P., Giorgia Maffini and Jing Xing (2018) 'Corporate tax incentives and capital structure: New evidence from UK firm-level tax returns', *Journal of Banking and Finance* 88, 250-266.

Devereux, Michael P., Giorgia Maffini and Jing Xing (2019) 'The impact of investment incentives: evidence from UK corporation tax returns', *American Economic Journal: Economic Policy* 11.3, 361-389.

Devereux, Michael P. and John Vella (2018) 'Implications of digitalization for international corporation tax reform', *Tax Law Review* 71.3, 477-514.

Devereux, Michael P. and John Vella (2018) 'Taxing the digitalised economy: Targeted or system-wide reform?', *British Tax Review* 4, 301-320.

Devereux, Michael P. and John Vella (2019) 'Implications of Digitalization for International Corporate Tax Reform', *Intertax* 46.6/7, 550-559.

Devereux, Michael P. and John Vella (2019), 'The Allowance for Corporate Equity 30 years on', in Rita de la Feria and Glen Loutzenhiser (eds), *The Dynamics of Taxation: Current Challenges*, Hart Publishing, forthcoming.

Freedman, Judith (2019) 'Restoring Trust in the 'Fairness' of Corporate Taxation', in Sjoerd Goslinga et al., eds., *Tax and Trust: Institutions, Interactions and Instruments*, Eleven International Publishing, 121-142.

Freedman Judith (2019) 'Odeon Associated Theatres Ltd v Jones (HM Inspector of Taxes) 1971: A Delphic pronouncement and a fundamental tension', in John Snape and Dominic de Cogan (eds), *Landmark Cases in Revenue Law*, Hart Publishing, 201-222.

Freedman, Judith (2019) 'Tackling fiscal 'abuse of law' in the UK: different routes to a single destination', *Revue europeenne et internationale de droit fiscal* 2018/4, Bruylant 467-474.

Freedman, Judith (2019) 'The UK General Anti-Avoidance Rule: Transplants and Lessons', *Bulletin for International Taxation* June/July, International Bureau of Fiscal Documentation, 332-338.

Fuest, Clemens and Samina Sultan (2019) 'How will Brexit affect Tax Competition and Tax Harmonization? The Role of Discriminatory Taxation', *National Tax Journal* 72 1, 111-138.

Güçeri, Irem (2018) 'Will the real R&D employees please stand up? Effects of tax breaks on firm-level outcomes', *International Tax and Public Finance* 25.1, 1-63.

Güçeri, Irem and Li Liu (2019) 'Effectiveness of fiscal incentives for R&D: Quasi-experimental evidence', *American Economic Journal: Economic Policy* 11.1, 266-291.

Leboeuf, Luc and Alice Pirlot (2019) 'Taxation as a means of migration control: The case of Hungary', *Intertax* 47.3, 291-297.

Pirlot, Alice (2019) 'The WTO as tax scarecrow', *Tax Journal*, Issue 1427, January.

Pirlot, Alice (2018) 'When EU law and international law pursue seemingly contradictory paths: A mapping of potential conflicts in tax matters', Chapter 14, in Pasquale Pistone ed., *European Tax Integration: Law, Policy and Politics*, International Bureau of Fiscal Documentation, 523-549.

Pirlot, Alice and Eduardo Traversa (2019) 'The temporal application of state aid rules to domestic tax measures: A Sensitive Matter', in Werner Haslehner, Georg Kofler and Alexander Rust (eds.), *Time and Tax. Issues in International, EU, and Constitutional Law*, Wolters Kluwer Eucotax, 197-238.

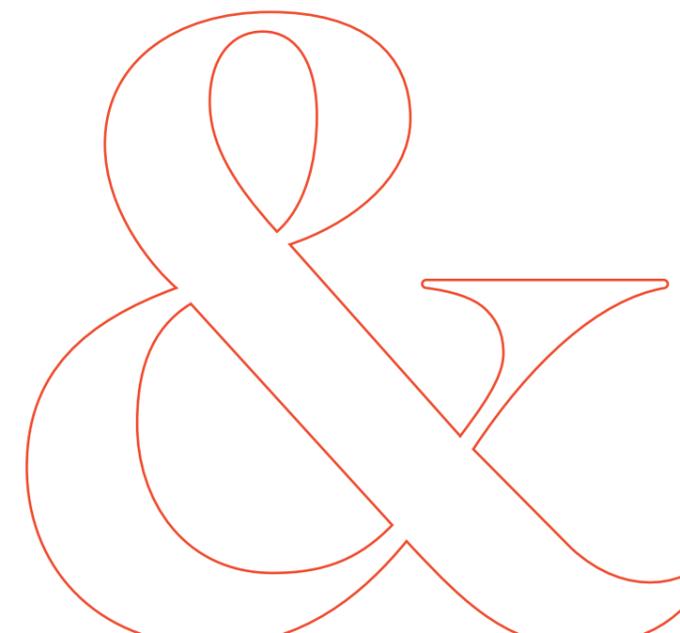
Pirlot, Alice and John Vella (2018) 'The adoption of BEPS in the United Kingdom', in Kerrie Sadiq, Adrian Sawyer and Brownyn McCredie (eds.) *Tax Design and Administration in a Post-BEPS Era: A Study of Key Reform Measures in 18 Countries*, Fiscal Publications, 291-310.

Vella, John (2018), 'Barclays Mercantile Business Finance Ltd v Mawson: Living with uncertainty' in John Snape and Dominic de Cogan (eds), *Landmark Cases in Revenue Law*, Hart Publishing.

Vella, John, John Armour, Luca Enriques and Ariel Ezrachi (2018) 'Putting technology to good use for society: the role of corporate, competition and tax law', *Journal of the British Academy*, 6 (s1), 285-321.

Vella, John (2019) 'Digital Services Taxes: Principle as Double-Edged Sword', *National Tax Journal*, forthcoming.

Vella, John (2019) 'Value creation and the allocation of profit under formulary apportionment', in Rick Krever (ed), *The Allocation of Multinational Business Income: Reassessing the Formula Apportionment Option*, Kluwer Law International, forthcoming.



Blog series

The Centre hosts 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 Reform Option for the OECD: Residual Profit Allocation by Income

The recent OECD consultation, notionally on the tax challenges brought by the digitalisation of the economy, has resulted in over 230 responses, from ACCA to Zalando. If it were just about new rules for a handful of large digital companies, that would be surprising. But it is not. The changes afoot go right to the heart of the international tax system, and the tax community is right to believe that what is being considered is radical reform that could affect all businesses.

Regular readers will know that I and colleagues have long argued for radical reform of the international tax system. It is failing us in many ways – it distorts economic decisions, it encourages competition between governments, it is amazingly complex and it is still prone to profit shifting.

The direction of the thinking in the OECD's documents is to move some of the tax base on profit to the market country. And this is also what I and colleagues have been arguing for years. Our basic rationale is that the consumers are relatively

immobile, and so taxing profit in the location of consumers brings significant advantages; it would not affect the location of economic activity, it would remove tax competition, it could be considerably less complex, and much less prone to profit shifting.

OECD members cannot quite (yet) bring themselves to shift the tax base on these grounds. But they have another rationale: they may be able to persuade themselves that the market country is actually also a source country (where 'value is created'), which allows them to allocate taxing rights there, in an attempt to align the allocation to the destination country with arm's length pricing.

The same applies to countries hosting users of digital services – users are similarly relatively immobile, and this also gives an opportunity to tax digital companies there. But again, in OECD eyes, this can only be if we can identify the user as a source of profit.

The basic approach of the OECD is to identify the return to a marketing intangible and allocate the taxing rights to that return to the destination country, instead of where the functions and activities that generate the intangible are located. That could be immensely difficult and complex. It could be justified if it was based on a clear conceptual framework. But I find it difficult to see any conceptual basis here, other than an attempt to shift some taxing rights into the market or destination country.

For the last few years, I have chaired the Oxford International Tax Group of economists and lawyers, which has aimed to develop proposals for sensible reform of the international tax system. We have developed two proposals in detail. One is the destination-based cash flow tax (DBCFT), which was hotly debated in the United States in 2017, and which Martin Wolf strongly advocated recently. That would certainly be a radical change, moving the entire system to a destination (market) basis.

The second proposal, which we have just published, is for a profit split roughly along the lines considered in the OECD's Consultation Document. We call it Residual Profit Allocation by Income (RPAI). Unlike the DBCFT it is based on concepts and mechanisms employed by the existing system. It allocates taxing rights to routine profits to countries in which functions and activities take place, as under the existing system. It allocates the right to tax residual profit to the market, or destination, country where sales are made to third parties.

More specifically, under the RPAI, the residual profit of a multinational can be calculated in two ways. The first, bottom-up approach, identifies the residual gross income (RGI) earned in each destination country. This is measured as the value of sales to third parties in that jurisdiction, less the costs of goods sold, including expenses incurred in that country plus the transfer value of goods and services purchased from other parts of the multinational group. The transfer value is based on the costs incurred in the relevant functions and activities of the selling party together with any routine profit associated with those costs. Costs that cannot be directly allocated to specific sales would be apportioned to each destination country based on that country's share of the group's total RGI, and the apportioned costs would be deducted to determine the residual profit in each destination country.

This approach yields identical results to a top-down approach by which the group's total residual income – calculated simply as total profit less total routine profit – is apportioned directly by RGI. Residual profit would be allocated to destination countries irrespective of the nature of the presence of the business there – whether there is a subsidiary, branch, or simply a remote sale.

The RPAI has the appeal of a hybrid: it uses familiar transfer pricing methods to achieve what they are generally thought to (or could) do relatively simply and effectively (to calculate routine profits), and it reaps the benefits of a unitary approach where they do not (in allocating the residual profit). Even in the latter case, however, it partly uses well-known transfer pricing methods and concepts.

The RPAI does not allocate taxing rights exclusively on a destination basis, as the DBCFT or a sales-based formula apportionment system would. Nevertheless, it would harness many of the benefits brought by a move to a destination basis of taxation described above, whilst remaining recognisably in line with the existing system.

Whilst the OECD appears to be moving in a similar direction, it seems hampered (conceptually at least) by its attempt to align the taxing rights given to the destination country to the value of intangible assets. The difficulties in doing so should be a strong hint that more practical solutions are required. The RPAI can be seen as just such a practical solution.

Other blogs in the series are:

The Moral Law Richard Collier

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

Cleaning up the US Tax System Scott Dyreng

Relief for First Time Buyers Eddy Tam

Taxing Pollution Across Borders An Innovative Proposal? Alice Pirlot

Taxing Digital Business A Plea for Holistic Thinking: John Vella

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

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

The Digital Services 'Sutton' Tax Michael Devereux

It's far too complicated, but who cares! Paul Morton

The WTO as Tax Scarecrow Alice Pirlot

Does the Tax System Offer an Effective Tool to Support Innovations and R&D? Irem Güçeri

To read the full blogs: business-taxation.sbsblogs.co.uk

Working papers

2018

WP 18/19

How cost-effective is public R&D in stimulating firm innovation?

Leonie Hug and Martin Simmler

WP 18/20

Local fiscal policies and their impact on the number and spatial distribution of new firms

Nadine Riedel, Martin Simmler and Christian Wittrock

WP 18/21

Localization Economies and the Sensitivity of Firm Foundations to Changes in Taxation and Public Expenditures

Christian Wittrock

WP 18/22

Public good provision, commuting and local employment

Ronny Freier, Martin Simmler and Christian Wittrock

WP 18/23

Taxing the digitalised economy

Michael Devereux and John Vella

2019

WP 19/01

Residual profit allocation by income

Michael P Devereux, Alan Auerbach, Michael Keen, Paul Oosterhuis, Wolfgang Schön and John Vella

WP 19/02

Tax competition and the efficiency of “benefit-related” business taxes

Elizabeth Gugl, George R. Zodrow

WP 19/03

Bridging the red-blue divide: a proposal for US Regional Tax Relief

Reuven Avi-Yonah, Orli Avi-Yonah, Nir Fishbien and Haiyan Xu

WP 19/04

Debt reallocation in multinational firms: evidence from the UK worldwide debt cap

Katarzyna Bilicka, Yaxuan Qi, Jing Xing

WP 19/05

Sales and price effects of pre-announced consumption tax reforms: micro-level evidence from European VAT

Thiess Buettner, Boryana Madzharova

WP 19/06

Taxation and supplier networks: evidence from India

Lucie Gadenne, Tushar K. Nandi, Roland Rathelot

WP 19/07

Does statutory incidence matter? Earnings responses to social security contributions

Enda Hargaden, Barra Roantree

WP 19/08

Pecuniary and non-pecuniary motivations for tax compliance: evidence from Pakistan

Joel Slemrod, Obeid Ur Rehman, Mazhar Waseem

WP 19/09

Stabilizing ‘pillar one’ corporate profit reallocation in an uncertain environment

Itai Grinberg

WP 19/10

More Giving or More Givers? The Effects of Tax Incentives on Charitable Donations in the UK

Miguel Almunia, Irem Güçeri, Ben Lockwood, Kimberley Scharf

WP 19/11

Tax Enforcement using a Hybrid between Self- and Third-Party Reporting

Sarah Clifford and Panos Mavrokonstantis

WP 19/12

How should business profit be taxed? Some thoughts on conceptual developments during the lifetime of the IFS

Michael P. Devereux

WP 19/13

Exploring the Impact of European Union Law on Energy & Environmental Taxation

Alice Pirlot

The Centre’s working papers are available at

www.sbs.ox.ac.uk/research/centres-and-initiatives/oxford-university-centre-business-taxation



Dr Giorgia Maffini (PwC) and Dr John Vella (Oxford) at 2019 Summer Conference



Li Liu (IMF) presenting at the 2019 Summer Conference

MSc in Taxation

September 2018 saw the third intake of students on the Oxford University MSc in Taxation and the 1st cohort of students graduating. The third cohort of 35 students came from all over the world representing 19 nationalities, with 86% coming from work.

The MSc is a two-year part-time degree taught by the Faculty of Law in association with the Centre for Business Taxation. Unusual among masters degrees in taxation, the MSc in Taxation was designed by a combination of lawyers and economists. 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 CBT (Michael Devereux, John Vella, Anzhela Cédelle, Richard Collier, Irem Güçeri and Alice Pirlot from the Centre and Judith Freedman, Glen Loutzenhiser and John Vella from the Law Faculty), the

degree is taught by Visiting Professors Philip Baker QC and Emma Chamberlain. Other visiting lecturers this year were Jan Emanuel De Neve, Associate Professor of Economics and Strategy, University of Oxford; Anne Fairpo, Temple Tax Chambers, Professor Hans Gribnau, University of Leiden; Professor Peter Harris, University of Cambridge; Professor David Hummel, Court of Justice of the European Union; Michael Lennard, Chief, International Tax Cooperation Unit United Nations; Professor Susan Morse, The University of Texas; Jonathan Peacock QC, 11 New Square; and Stephen Shay, Harvard Law School.

Topics taught included international taxation, EU taxation, comparative taxation, the economics of taxation, corporate finance, transfer pricing, ethical issues and US international tax.

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



Participants on the residential course of the MSc in Taxation



Participants on the residential course of the MSc in Taxation

Visitors

The following visited the CBT during the year 2018-19 to undertake research, with visits ranging from a few weeks to several months.

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.

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

Michael Kogler is a postdoctoral researcher in economics at the University of St Gallen, Institute of Economics. His research areas include financial regulation, finance and growth and taxation and he has published several papers. He was a visiting scholar at the finance department of New York Stern School of Business in 2017-18.

Kunka Petkova is a doctoral candidate in International Business Taxation at Vienna University of Economics and Business (WU). She has a Bachelor degree in Economics and Business Administration from the University of Mannheim and a Masters degree in International Economics and Economic Policy from the Goethe University in Frankfurt. She has worked as a research assistant for Prof. Dr. Weichenrieder at the chair of Public Finance, and as a liaison officer for finance and economic planning ministers, senior government officials and representatives of the multilateral development bank community.

Researcher Alumni

Dr Katarzyna Anna Bilicka

Assistant Professor of Economics, Jon M Huntsman School of Business, Utah State University, USA

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

Associate Professor of Law, University of Victoria, Canada

Dr Simon Loretz

Researcher, Austrian Institute of Economic Research, Vienna, Austria

Dr Giorgia Maffini

Special Adviser in Tax Policy, PwC, UK

Dr Socrates Mokka

Head of Next Best Action and Analytics, Telenor Group, Norway

Professor Nadine Riedel

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

Dr Tim Schmidt-Eisenlohr

Principal Economist, International Finance Division, Federal Reserve Board, 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

Associate Professor of Finance, 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. It is based in the Saïd Business School, and 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, an Assistant Director, 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 Centre'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 donors are:

- AstraZeneca
- BAE Systems
- BP
- BT
- GSK
- Heathrow Airport Holdings Limited
- HSBC
- IHG
- Lloyd's
- National Grid
- Relx plc
- Royal Dutch Shell plc
- Sky plc

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



Professor Mihir Desai (Harvard) chairing a session at the CBT Summer Conference 2019



Sophie Chatel (OECD) presenting at 2019 Summer Conference

Who we are



Director

Professor Michael Devereux is Professor of Business Taxation and Associate Dean for Faculty at the Said Business School in the University of Oxford, a professorial fellow of Oriel College Oxford, and a co-director of the MSc in Taxation in the Oxford Law Faculty. He is an economist who previously held professorial positions at the Universities of Keele and Warwick, and has also been a programme director at the Institute for Fiscal Studies. He was the President of the International Institute for Public Finance until 2015 and is currently an Honorary President. He is Research Director of the European Tax Policy Forum and a member of the Board of Advisors of the International Tax Policy Forum. He is also an Honorary Fellow of the Chartered Institute of Taxation and Research Fellow of CEPR and CESifo. He has written widely on business taxation in academic and professional journals and has edited *Fiscal Studies* and *International Tax and Public Finance*. He is ranked by REPEC as sixth in the world amongst economics researchers in the field of Public Finance, and first amongst researchers outside the United States.



Assistant Director

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, including the annual summer conference and academic symposium. 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.



Director of Legal Research

Professor Judith Freedman CBE is Professor of Taxation Law and Policy at the University of Oxford, and until 2019 was Pinsent Masons Professor of Taxation Law. She was one of the two Acting Directors of the Centre appointed when the Centre 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 other 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* as well as being on the editorial boards of the *Modern Law Review*, *eJournal of Tax Research*, *Canadian Tax Journal*, *Australian Tax Review* and *Tax Journal*. Until recently, Judith was Chair of the Addington Society and a co-director of the MSc in Taxation in the Oxford Law Faculty.



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 was especially active in the BEPS project. In 2019 he was appointed on secondment as a senior tax adviser to the OECD and manages the work on Pillar 1 of the OECD's work on taxation of the digitalised economy. He has worked 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 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 Stephen Bond is Senior Research Fellow at Nuffield College and a Visiting 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. Prior to that he was President and Director of Science and research of the Centre for European Economic Research (ZEW) in Mannheim, and Research Director of the CBT. He is a research Fellow of CESifo and IZA and 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 Cédelle (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 secondment at the OECD in Paris during the past year.



Research Fellows

Dr Sarah Clifford joined the CBT in 2018 having completed her PhD in Economics at the University of Copenhagen. Sarah also holds a BSc in Mathematics and Economics, a BSc in Actuarial Science and a MSc in Economics from the University of Copenhagen. Her current work focuses mainly on tax avoidance by multinational corporations. In a recent project she looks at the impact of anti-tax-avoidance rules (controlled foreign corporation rules) on the financial and locational behaviour of multinationals and ultimately on the size and distribution of global collected tax revenue.



Dr Irem Güçeri 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 three-year 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, and 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

François Bares joined the Centre in 2018 after completing his MSc Degree in Economics at LSE, and a Bachelor Degree in Politics, Philosophy and Economics from the University of York. His research interests revolve around the effects of public policies on growth with an emphasis on corporate R&D investment. Francois is also interested in value theory and the measurement of economic performance.



DPhil Scholar

Daisy Ogembo is an Advocate of the High Court of Kenya (non practising) and holds degrees from University of Oxford (DPhil Law, 2019), University of London (LLM Commercial & Corporate Law, 2013), and University of Nairobi (LLB, 2006). 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; she later worked as a full-time faculty member at the Strathmore Law School where she set up and directed the Strathmore Tax Research Centre. She researches tax law and policy, constitutionalism and taxation, tax and administrative law, comparative taxation, tax and development, and taxation of the shadow economy and small businesses. She has recently completed her doctoral research on the taxation of 'hard-to-tax' professionals in Africa and was awarded a British Academy Fellowship in 2019.



Administrative Staff

Pauline Simpson joined the Centre in 2015 as the Centre Administrative Officer. 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.



Alison Meeson joined the Centre in 2019 as the Centre Administrative Assistant to assist with the administrative duties associated with the running of the Centre.



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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.

The Centre'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.

The Centre complies with the University's policy on conflict of interest

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