



המחלקה לכלכלה פותחת קורס אינטנסיבי לסטודנטים בתארים מתקדמים:

שם המרצה:

Dr. Petr Procházka, Prague University of Economics and Business

הקורס יינתן באנגלית.

Intensive course: Global tax cooperation: Benefits to the World Economy

Topic:

- macroeconomics & public economy
- tax public policy

Contents:

- determine negative impact of tax havens and tax avoidance on world economy
- propose solutions to current status quo
- demonstrate benefits of global tax cooperation
- evaluate wider of impacts of reforms

Outcomes:

- understand difference between a local benefit (at the cost of others) and global long-term profit
- gain knowledge about BEPS (base erosion and profit shifting)
- create awareness of BEPS impact
- generate willingness for global cooperation
- acquire tools to measure tax avoidance and evaluate benefits of reforms
- networking, learning new teaching/studying approach

היקף הקורס: 0.5 ש"ש (1 ש"ס)

מספר הקורס: 66-9512-01
תאריכים ושעות:

Tuesday, June 21, 14:00-17:00

Wednesday, June 22, 9:00-14:00

Thursday, June 23, 9:00-14:00



Global tax cooperation: benefits to the world economy

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Content	Teaching method
BLOCK 1 “The Issue” 1) Introduction of teacher, students, class schedule 2) The issue: a) case studies: Cadbury, Amazon, Fiat, Starbucks, Google	discussion lecture videos
BLOCK 2 “Global economy and BEPS” 1) global tax cooperation today 2) the term “BEPS” 3) measuring negative impact on world economy	lecture / theories, formulas classifying lecture
BLOCK 3 “Global cooperation: sustainable for all” 1) Ways to achieve global cooperation in tax 2) Ways to make the solutions sustainable and inclusive	brainstorming Q&As
BLOCK 4 “Race to the bottom” 1) various stakeholders and their priorities a) MNEs b) SMEs c) governments - large, small, OFCs/havens	brainstorming, classifying

<ul style="list-style-type: none"> d) consumers e) NGOs and public society f) politicians g) HNWIs <p>2) principles of current system</p> <ul style="list-style-type: none"> a) zero sum game 	lecture
<p>BLOCK 5 “Tax havens and their negative impact”</p> <ul style="list-style-type: none"> 1) naming them 2) characteristics of a tax haven 3) measuring impact of tax havens to society 	group work brainstorming classifying
<p>BLOCK 6 Game - Round 1</p> <ul style="list-style-type: none"> 1) playing 2) debriefing 	group work and interaction generalization
<p>BLOCK 7 “Debriefing Game 1”</p> <ul style="list-style-type: none"> 1) debriefing from game 2) theorizing, creating concepts - free market without authority 3) how to improve the current system <ul style="list-style-type: none"> a) global cooperation b) physical activity nexus c) limitation on benefits by jurisdictions d) closing loopholes 	brainstorming creating generalized theories brainstorming and classifying
<p>BLOCK 8 “BEPS Action Plan”</p> <ul style="list-style-type: none"> 1) BEPS Action Plan presentation 2) BEPS 2.0 - Pillar One and Pillar Two 3) METR 4) DST 	lecture
<p>BLOCK 9 Game - Round 2</p> <ul style="list-style-type: none"> 1) different rules 	game
<p>BLOCK 10 “Debriefing Game 2”</p> <ul style="list-style-type: none"> 1) debriefing game - round 2 2) types of global governance 	discussion lecture
<p>BLOCK 11 “Future steps”</p> <ul style="list-style-type: none"> 1) Proposals for public policy 	lecture
<p>BLOCK 12 “Measuring impact”</p> <ul style="list-style-type: none"> 1) quantifying benefits of tax cooperation 2) wider impacts <ul style="list-style-type: none"> e) sustainability and SDGs f) mobility of employees and assets? 	lecture / formulas brainstorming / lecture
<p>BLOCK 13 “Farewell”</p> <ul style="list-style-type: none"> 1) debriefing whole workshop <ul style="list-style-type: none"> a) what did we learn? 2) farewell 	discussion

References:

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- Cobham, A., Faccio, T., Garcia-Bernardo, J., Janský, P., Kadet, J., & Picciotto, S. (2021). A practical proposal to end corporate tax abuse: METR, a minimum effective tax rate for multinationals. *Global Policy*.
- Cobham, Alex, & Janský, Petr (2020). *Estimating Illicit Financial Flows: A Critical Guide to the Data, Methodologies, and Findings*. Oxford University Press.
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- Long, C., & Miller, M. (2017). Taxation and the Sustainable Development Goals. *Do good things come to those who tax more*.
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<https://www.oecd.org/tax/beps/statement-on-a-two-pillar-solution-to-address-the-tax-challenges-arising-from-the-digitalisation-of-the-economy-october-2021.pdf>
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<https://www.oecd.org/tax/beps/tax-challenges-arising-from-the-digitalisation-of-the-economy-global-anti-base-erosion-model-rules-pillar-two.pdf>
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Game:

Players in pairs?: 4 MNEs, 4 SMEs, 8 countries (large, small, conduit OFCs, sink OFCs)

Principles:

- firms want to minimize tax expense
- countries want to maximize revenue (by tax and by firm presence)

Rules:

Every firm has a certain amount of assets

MNEs - can relocate their assets across countries, each investment = 1 million EUR cost

SMEs - cannot usually relocate anywhere because it is too expensive

country revenue = tax rate*profit rate*assets + profit rate*assets

Starting amounts:

MNE 1

MNE 2

MNE 3

MNE 4

SME 1 (in USA)

SME 2 (in France)

SME 3 (in Israel)

SME 4 (in Ethiopia)

Countries:

USA - 30% tax rate

France - 50% tax rate

Israel - 23% tax rate

Ethiopia - 35% tax rate

Netherlands - 26% tax rate

Czechia - 19% tax rate

Cyprus - 10% tax rate

British Virgin Islands - 0% tax rate

Events:

each year countries can change tax rates for next year

each year profit rate is announced - different for each country

patent box - foreign investments have 0% tax rate for next 5 years

HINT: some countries are more risky (volatile profit rates than others)

Results:

MNEs and SMEs compare against each other

countries compare against each other

Debriefing:

Who is the winner?

Why was the outcome?

Which rules would be fairer?

Round 2:

- minimum effective tax rate 15% - difference charged at home country
- each investment = 50 million EUR (not just an empty shell company, but also economic presence nexus is required)
- countries can change tax rate by 1% each year

Debriefing:

Who is the winner?

Why was the outcome?

Which rules would be fairer?