



(PhD) Seminar on Empirical Tax Research

Christoph Watrin, Adrian Kubata

(Lecture: Thursdays, 10.15-11.45 a.m., J 372, Münster)

Course Description

The course provides an introduction to empirical tax research in accounting. Both Master and PhD students are welcomed to attend the seminar!

Master Course: ACM 9, 12, 15, MWP 29, Res 01-04, 6 LP

PhD Course: B or C credit.

We first will provide an overview of the vast area of empirical tax research in accounting. On that basis we will have a closer look on specific studies conducted in empirical tax research. Those studies will mainly cover the following topics:

- Determinants of Corporate Tax Avoidance/ Tax Aggressiveness
- Consequences of Corporate Tax Avoidance/ Tax Aggressiveness
- Scholes-Wolfson Framework of Effective Tax Planning
- Base Erosion and Profit Shifting
- Measuring Tax Avoidance
- Taxes and Executive Compensation
- Book-Tax Conformity
- Tax Motivated Income Shifting (Cross-Border and Interperiod)
- Tax Shelter Participation
- Capital Markets Perception of Tax Information
- Tax Costs, Non-Tax Costs, and Book-Tax Trade Offs
- Tax Avoidance and Firm Reputation
- Earnings Management through Tax Accounts
- Taxes and Financial Constraints

Course Requirements and Grading

Students will be evaluated and graded on the basis of three partial performances:

1. Class participation (25%)
2. A paper presentation (25%)
3. A written exam, i.e., a 12 pages paper discussion (50%)

Master students will receive a grade (**ACM 9, 12, 15, Res 01-04, 6 LP**). Doctoral students will be graded with passed/failed (**B or C credit**).



It is expected that every participant presents one of the listed papers and takes an active part in the discussions.

A PowerPoint presentation of your paper presentation should be send to adrian.kubata@wiwi.uni-muenster.de (deadline tba).

Conduct of Course

For the most part, the course will be conducted using a seminar format. There also will be some parts held as a lecture. Students are expected to take an active part in discussing and evaluating the readings assigned for each session.

We will lead the class during the first sessions of the course and let course participants take over afterwards. The structure of your presentation should include the following aspects:

- (1) Research Question
- (2) Motivation and Prior Literature
- (3) Theory/ Hypotheses
- (4) Contribution/ Incremental Contribution
- (5) Empirical Research Design
- (6) Required Data and Data Availability
- (7) Findings/ Conclusion

For a more detailed description, we will distribute a template for how to summarize a paper in one of the first classes.

We will also provide some basic data sets which we will use for some basic empirical analyses. That is, to replicate some of the papers results, do some simple significance tests and run regressions using STATA/ EViews. If you are thinking of writing an empirical master thesis, this will be your chance to get introduced to the basics of empirical work as well as of how to conduct empirical research projects.

PhD students can use this course as a chance to develop own research projects in the area of empirical tax research. The lecturers will be delighted in providing guidance on this and to help emphasizing brainstorming in order to develop marketable projects.

Additional Course Materials

In addition to the papers that will be distributed to class participants, the following text book can be helpful:

Scholes, M. S., Wolfson, M. A., Erickson, M., Maydew, E. L., Shevlin, T., 2014. Taxes and Business Strategy: A Planning Approach. Engelwood Cliffs, NJ: Prentice-Hall, Inc. 5th ed.



Time Schedule

**Thursdays, 10.15-11.45 am, J 372
(Watrin/ Kubata)**

Lecture 1, 04.05.17 – Review of Tax Research

Hanlon, M., Heitzman, S., 2010. A review of tax research, *Journal of Accounting and Economics*, 50: 127-178.

Lecture 2, 18.05.17 – Review of Accounting for Income Taxes Research

Graham, J., Raedy, J., Shackelford, D., 2012. Research in accounting for income taxes.

Lecture 3, 08.06.17 – Long-run Tax Avoidance

Dyreng, S., Hanlon, M., Maydew, E., 2008. Long-run corporate tax avoidance, *The Accounting Review*, 83: 61-82.

Lecture 4, 15.06.17 – Aggregate Tax Avoidance

Dyreng, S., Hanlon, M., Maydew, E., Thornock, J., 2014. Changes in corporate effective tax rates over the past twenty-five years. Working Paper.

Lecture 5, 22.06.17 – Corporates' Tax Shelter Participation

Wilson, R., 2009. An examination of corporate tax shelter participants. *The Accounting Review* 83: 969-999.

Lecture 6, 29.06.17 – Pricing of Book-Tax Differences

The persistence and pricing of earnings, accruals, and cash flows when firms have large book-tax differences. *The Accounting Review* 80: 137-166.

Lecture 7, 06.07.17 – Aggressive Financial and Tax Reporting

Frank, M., Lynch, M., Rego, S., 2009. Tax reporting aggressiveness and its relation to aggressive financial reporting. *The Accounting review* 84: 467-496.

Lecture 8, 20.06.17 – Cross-Border Income Shifting

Scott Dyreng and Kevin Markle. The effect of financial constraints on tax-motivated income shifting by U.S. multinationals. *The Accounting Review* (forthcoming).

Lecture 9, 27.07.17 – Taxes and Financial Constraints

Alexander Edwards, Casey Schwab, and Terry Shevlin. Financial constraints and cash tax savings. *The Accounting Review* (forthcoming).



Registration

In addition to your registration with the registration office (PAM) please sign up with Dr. Adrian Kubata: adrian.kubata@wiwi.uni-muenster.de