

Title of course	International business taxation
Responsible instructor	Prof Diego d'Andria, PhD
Learning objectives	<ul style="list-style-type: none"> ▪ Learn the theoretical rationales for taxing business income ▪ Learn about the different types of taxes levied on businesses, the differences in how incorporated and unincorporated businesses are taxed, and how business and personal taxes interact and are harmonised ▪ Learn about tax incidence theory and how taxes may affect business decision-making along several distinct behavioural margins. Gain insight on the implications for social welfare and policy making ▪ Learn how corporate groups can be taxed, what consolidated accounting implies for taxation and what are the challenges met by companies when dealing with transfer pricing choices ▪ Learn about how multinational companies are taxed, about the rules governing cross-border profit taxation and dividend payments ▪ Understand tax planning and the numerous laws existing to constrain the ability to reduce a company's tax liability ▪ Be informed about special tax benefits for selected types of investments that are commonly found in many countries
Course contents	<ol style="list-style-type: none"> 1. Why do taxes on businesses exist? <ol style="list-style-type: none"> a. Taxing businesses versus taxing individuals b. Taxing income, transactions or wealth 2. Taxing businesses <ol style="list-style-type: none"> a. At the personal level: dividends, interests and capital gains b. Incorporated and unincorporated businesses c. Financial accounting and tax accounting d. Loss carryforward and carryback e. Indirect taxes and the Value-Added Tax (VAT) f. Payroll taxes g. Special taxes: on extra-profit, "Web taxes", foreign investors, exporting companies 3. The distortionary nature of business taxes <ol style="list-style-type: none"> a. Cost of capital and investment b. Debt bias c. Investment location choices d. Source based, residence based, and destination based taxation e. Double taxation of dividends and the structure of company groups 4. Taxing corporate groups and multinationals <ol style="list-style-type: none"> a. Transfer pricing b. Consolidated group taxation c. Multinational groups and tax treaties d. Taxing dividends, interests and capital gains internationally 5. Tax planning and anti-avoidance rules <ol style="list-style-type: none"> a. Arm's length pricing b. Intangible assets and royalties c. OECD BEPS and the "nexus principle" d. Thin-cap and earning-stripping rules e. Allowance for Corporate Equity (ACE) and Comprehensive business income tax (CBIT)

	<ul style="list-style-type: none"> f. Entrepreneurial earnings vs managerial earnings - the "Nordic" approach g. Tax havens and Controlled Foreign Companies (CFC) rules h. Formula apportionment systems and the EU CCCTB and OECD Pillar 1 proposals <p>6. Business tax allowances</p> <ul style="list-style-type: none"> a. Research and Development (R&D) spending b. Intellectual Property Boxes c. Allowances for small firms and young firms
Teaching methods	<ul style="list-style-type: none"> ▪ Lectures ▪ In-class discussion ▪ Presentations of assigned papers delivered by the students ▪ Self-study
Prerequisites	There are no formal requirements. Previous knowledge of basic microeconomic principles and methods is advised, though it is not strictly needed.
Suggested reading	<ul style="list-style-type: none"> ▪ Álvarez-Martínez M.T., Barrios S., d'Andria D., Gesualdo M., Nicodeme G and Pycroft J. (2022), "How large is the corporate tax base erosion and profit shifting? A general equilibrium approach", <i>Economic Systems Research</i>. ▪ Cnossen S. (2018), "Corporation taxes in the European Union: Slowly moving toward comprehensive business income taxation?", <i>International Tax and Public Finance</i>. ▪ Devereux M. and Griffith R. (2002), "The impact of corporate taxation on the location of capital: a review", <i>Swedish economic policy review</i>. ▪ Handouts and further references will be given during the classes.
Applicability	<p>This course is in particular applicable to the following Master programmes: International Business and Economics (M.A.; "IBE"), Finance (M.Sc.).</p> <p>This course is also applicable to other business-oriented Master programmes offered by Schmalkalden University of Applied Sciences.</p>
Workload	<p>Total workload: 180 hours, of them:</p> <ul style="list-style-type: none"> ▪ Lecture: 45 ▪ Self-study: 135, of them: <ul style="list-style-type: none"> ▪ Course preparation (in particular reading): 45 ▪ Follow-up: 45 ▪ Readings and exam preparation (including mid-term): 45
ECTS credit points and weighting factor	6 ECTS credit points; weighting factor: 6/120 (IBE) or 6/90 (Finance), respectively
Basis of student evaluation	<ul style="list-style-type: none"> ▪ Comprehensive written examination, 90 minutes (70%) ▪ In-class presentation and discussion (30%)
Time	First academic year
Frequency	Each academic year
Duration	One semester
Course type	Elective course
Remarks	Teaching language is English.