

What shall we do with company tax?

Tax and Transfer Policy Institute
Monday 24 July – Tuesday 25 July 2017

AUTHOR BIOS, TITLES AND ABSTRACTS

Name	Yariv Brauner
Title	Should corporations be taxpayers?
Abstract	Corporate Income taxes are today virtually universal. Yet, they seem to have always been controversial, difficult to justify and newsworthy. Recently, the largest multinational enterprises (“MNE”) have been accused for paying “too little tax” and engaging in objectionable tax planning. This media exposure brought together the rarely unified world powers to launch a cooperative attack on such practices. Yet, despite the constant interest in corporate taxes, they continue to be an enigma, enflaming a policy debate that is based on slogans more than knowledge. Conservatives and business interests oppose the corporate tax because of its costs, while liberals insist on its qualities in terms of redistribution. This paper argues that rational analysis should lead to a reversal of these roles and especially, that she who supports redistribution should wish for the abolition of the corporate tax.
Bio	Yariv Brauner is the Hugh Culverhouse Eminent Scholar Chair in Taxation and a Professor of Law with the Levin College of Law at the University of Florida. He joined the Florida faculty in 2006, after teaching at NYU, Northwestern and ASU. He is the 2017 Visiting Chair of Excellence at Universidad Carlos III de Madrid. He has been a Visiting Professor or a guest speaker in various universities in the U.S. and abroad. He is an author of several articles published in professional journals and law reviews, and a co-author of U.S. International Taxation – Cases and Materials (with Reuven S. Avi-Yonah and Diane M. Ring), now in its 3 rd . ed. He taught multiple courses in the fields of Taxation, Corporate Taxation, International Taxation, International Trade Law, and the Law of Multinational Corporations.
Name	Graeme Cooper
Title	The unconvincing case for a 25% corporate tax rate
Abstract	The paper examines a few of the myths and half-truths being advanced to support the 25% corporate tax rate.
Bio	Graeme Cooper is a Professor at the University of Sydney Law School. He studied tax in Australia and the United States and holds a doctorate in law from Columbia University. He has taught tax in Law Schools in Australia, Europe and the United States. His principal research and teaching focus is domestic corporate taxation, comparative tax law and tax policy.
Name	Graeme Davis
Title	Potential implications for Australia from some suggested US corporate tax changes
Bio	Graeme Davis is head of the Tax Framework Division, Revenue Group, Australian Treasury.
Name	Michael Devereux
Title	What should the company tax look like – and why is it the Destination Based Cash Flow Tax?
Abstract	The current system for allocating the rights to tax international profit is based on a compromise between “residence” and “source” countries. The conceptual basis for this compromise is weak and its implementation is flawed. It results in huge complexity, profit shifting by multinational companies and substantial economic inefficiencies. Governments simultaneously attempt to

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	<p>coordinate to prevent profit shifting and compete to attract investment. Effective tax rates have been falling for decades and continue to do so. What would sensible reform look like? A starting point would be to try to tax profit in a place in which the tax base is relatively immobile – based on the location of individuals: shareholders or consumers. A number of options exist for such reforms. One radical option which would address many of the problems of the existing system is a destination-based cash flow tax. This should remove the main opportunities that currently exist to shift profit, and hence also reduce complexity; and it would also remove economic inefficiencies and tax competition.</p>
Bio	<p>Michael Devereux is Director of the Oxford University Centre for Business Taxation, Professor of Business Taxation at Saïd Business School, and a Professorial Fellow at Oriel College. Mike's work concerns the impact of taxes on business behaviour, including investment, employment, location and financial behaviour, as well as the design of appropriate tax policies for business. A particular interest is the international side of corporation tax, including where companies do and should pay tax on profit, how differences in taxes affect real economic decisions such as where companies locate different economic activities, and how this affects the process of competition between countries. Mike is a past President of the International Institute for Public Finance and is a Research Director of the European Tax Policy Forum and a member of the Board of Academic Advisers of the International Tax Policy Forum. He is Research Fellow of the Institute for Fiscal Studies, CESifo and the Centre for Economic Policy Research CESifo. He is Assistant Editor (Economics) of the British Tax Review and sits on the Editorial Board of the World Tax Journal. He has previously been Editor in Chief of International Tax and Public Finance, and Managing Editor of Fiscal Studies.</p>
Name	Dhammika Dharmapala
Title	International Spillovers from Proposed US Tax Reforms
Abstract	<p>Discussions of business tax reform in the US have been characterised by a growing sense of urgency in recent years. Over the past year, a number of proposals of varying degrees of specificity and coherence have emerged in the political arena. This presentation provides an overview of these proposals and their background, focusing on their potential implications for the rest of the world. Some of these proposals involve the abolition of corporate income taxation in the US. Their unilateral adoption may create significant problems for other countries, involving profit-shifting into the US, changes to the location of economic activity, and various risks to the global economy. An important general theme of this discussion is that business taxation helps shape individuals' tax planning opportunities, and thereby constrains the types of personal taxes that can be imposed on individuals. The future of the company tax, both in the US and elsewhere, is thus inextricably linked to the future of income taxation more generally. However, there are some distinctive aspects of the US tax reform debate that stem from the unique political obstacles to value-added taxation within its fiscal culture.</p>
Bio	<p>Dhammika Dharmapala is the Julius Kreeger Professor at the University of Chicago Law School, where he has been based since 2014. He is also Co-Editor of the <i>Journal of Law and Economics</i>, an International Research Fellow of the Oxford University Centre for Business Taxation, a member of the Advisory Board of the Urban-Brookings Tax Policy Center, and a Fellow of the CESifo Research Network. He was previously a Professor at the University of Illinois at Urbana-Champaign. He has served on the Board of Directors of the National Tax Association, the Board of Management of the International Institute of Public Finance, and the Board of Directors of the American Law and Economics Association. From 2010-2013, he was</p>

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	<p>Editor-in-Chief of the journal <i>International Tax and Public Finance</i>. He received an undergraduate degree with First-Class Honours from the University of Western Australia, and his PhD thesis (in Economics at the University of California at Berkeley) was awarded the National Tax Association's Outstanding Doctoral Dissertation Award. His research, which spans the fields of public finance and taxation, the economic analysis of law, and corporate finance and governance, has been published in various scholarly journals in law, economics and finance. It has also been cited in various media outlets, including the <i>New York Times</i>, the <i>Washington Post</i>, <i>Bloomberg Businessweek</i>, and <i>The Economist</i>.</p>
Name	John Freebairn
Title	A Comparison of Lower Corporate Taxation of Small Versus Large Businesses
Abstract	<p>General context, with example of current government's Business Enterprise Plan. Quite different first round investment response, and then second round economy effects, and income redistribution effects. Key drivers of differences are: dominance of family ownership of small companies and imputation system, versus greater role of non-resident shareholders for large companies, access to a more elastic in supply global capital market for funds, and system of withholding taxes.</p>
Bio	<p>Professor John Freebairn holds the Ritchie chair in economics at the University of Melbourne. He has degrees from the University of New England and the University of California, Davis. Prior to joining the University of Melbourne in 1996, his preceding career includes university appointments at the ANU, LaTrobe and Monash, and periods with the NSW Department of Agriculture and the Business Council of Australia. Professor Freebairn is an applied microeconomist and economic policy analyst with current interests in taxation reform and environmental economics.</p>
Name	Brett Freudenberg
Title	Looking through and looking forward: Should Australia introduce a tax flow-through company?
Abstract	<p>In Australia there continue to be calls for the introduction of a tax flow-through company, as it was raised by Treasury as part of its Re:Think Discussion Paper and gained the support of the major accounting and tax bodies. Part of the justification for this reform is based on the fact that overseas jurisdictions have introduced these business structures. Notable examples are the United States' S Corporations and Limited Liability Companies; the United Kingdom's Limited Liability Partnerships and New Zealand's Look Through Company. These business structures provide separate legal entity status and limited liability protection for their equity members; however for tax purposes the legal personality of the business structure is ignored with income and losses directly allocated to members. Such tax transparency is advocated as an economic ideal and advantageous for closely-held small businesses. This paper will reflect on recent evidence of the overseas experience of tax flow-through companies and consider to what extent they have been successful as a taxing mechanism for closely-held businesses. The paper will trace the experience of tax flow-through companies in the United States, the United Kingdom and New Zealand and consider whether looking forward Australia should embrace the tax flow-through company.</p>
Bio	<p>Brett Freudenberg is an <i>Associate Professor – Taxation</i> at Griffith University (Australia). Brett is known for his research expertise in the tax law and policy issues facing private enterprises, as evidenced by his Fulbright Scholarship (2006) and over 50 refereed publications in leading</p>

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	<p>Australian and international journals. Associate Professor Freudenberg’s research has analysed whether Australia should introduce a tax flow-through company, the tax treatment of discretionary trusts and the motivation for choice of business structure. His research has also considered the tax issues confronting private enterprises in terms of superannuation compliance, reforms for enterprises in the arts sector, as well as to facilitate Islamic finance. Brett has also successfully supervised Honours and PhD students who have researched into the areas of tax literacy, effective use of debt, Australia’s superannuation system, as well as how private enterprises are affected by GST in terms of their cash flow, compliance cost and complexity. Prior to commencing with Griffith University, Brett was a senior taxation consultant with KPMG and a lawyer with Corrs Chambers Westgarth.</p>
Name	Ranjana Gupta
Title	Analysis of Intellectual Property Tax Planning Strategies of Multinationals and the Impact of the BEPS Project
Abstract	<p>This article investigates the complex group structures and intangible/intellectual property risk allocation techniques and arrangements used by Multinational Enterprises (“MNEs”) to adjust or defer their tax liability. MNEs tax planning in relation to cross-border transactions and risk allocation practices have been evaluated in light of the Organisation for Economic Co-operation and Development (“OECD”)’s recent development and implementation of the Base Erosion and Profit Shifting (“BEPS”) 15-Point Action Plan. Specifically, Actions 8-10 which focus on Aligning Transfer Pricing Outcomes with Value Creation. To determine how MNEs follow commercial principles to adjust tax liability through intangible asset grouping structures and risk allocation techniques, recent European Commission investigations relating to Starbucks, Amazon and McDonald’s were analysed. The findings suggest that MNEs reduce or defer their tax liability by systematically¹ moving intangibles within the MNE group and shifting income between related entities established in zero or low-tax jurisdictions in the form of royalty payments. The article demonstrates that the OECD’s recent transfer pricing guideline amendments and BEPS Actions Plan, are considered the benchmark and will prevent companies reducing their tax by using artificial transactions between associated parties that would not normally occur between independent parties. Further, as evidenced by the suggested DEMPE function approach under the BEPS Action Plan there is a clear shift in focus from the legal form to the economic reality of transactions and the alignment of risk bearing outcomes in transfer pricing contracts with economic substance. This article establishes that mere legal ownership of an intangible does not automatically confer rights to enjoy returns from exploitation of such intangible. This approach may force MNEs to reassess their existing structures and how they conduct business.</p>
Bio	<p>Ranjana Gupta is a senior lecturer in taxation at Auckland University of Technology (AUT) and her experience includes research and tax consulting besides teaching range of taxation courses to undergraduate and postgraduate students. Ranjana holds a PhD in Commerce and a Master’s degree majoring in taxation. She regularly presents research papers at national and international tax and accounting conferences and publishes refereed journal articles both in New Zealand and internationally. Since 2007, she has authored chapters in taxation publications by Thomson Reuters and CCH Wolters Kluwer NZ CCH.</p>

¹ Vincent Vicard, 2014 *Profit Shifting Through Transfer Pricing: Evidence From French Firm Level Trade Data* (Working Paper 555, Banque de France, May 2015).

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Name	David Ingles and Miranda Stewart
Title	Australia's company tax: Options for Fiscally Sustainable Reform
Abstract	The Government proposes to reduce the company tax rate from 30 to 25 per cent. However it is not clear that this will pass the Senate and it has been suggested that the fiscal cost is not affordable. This paper looks at the spectrum of alternative reforms of corporate taxation and discusses the case that has been made for abolition of dividend imputation in favour of a lower headline company tax rate. The spectrum of reform options in the literature ranges from the allowance for corporate equity (ACE) and the cash-flow tax to a broad based comprehensive business income tax (CBIT) which would eliminate interest deductibility. The difficulty with the ACE is that it narrows the company tax base and requires a higher tax rate for any given revenue. This would exacerbate incentives for companies to do base erosion and profit shifting (BEPS). We have considered means by which a company tax rate cut, which might reduce incentives for BEPS, might be self-financing; for example, by ending dividend imputation, or phasing out of interest deductibility under a comprehensive business income tax (CBIT). These measures might be accompanied by discounts on dividend and interest income at the personal level, consistent with the Henry Review.
Bio	David Ingles PhD (ANU) BEc and MEd (Sydney U) specialises in public finance with particular emphasis on tax and social security. He has worked in various Commonwealth and State Departments (QLD), including the Department of Social Security (later FACSIA), the Treasury, and the Economic Planning Advisory Council. In the early 1980s he was an advisor to Ministers in the Hawke Government. He also worked for the Australia Institute, specialising in tax, superannuation and pension reform, and now works in similar areas at TTPI. His PhD is in public policy.
Bio	Miranda Stewart is Professor and Director of the Tax and Transfer Policy Institute at the Crawford School of Public Policy, Australian National University in Canberra and is a Professor at the University of Melbourne Law School. Miranda researches tax law and policy, design and development. Professor Stewart has published widely including on business tax law and policy, tax co-operation and globalization, avoidance and sham, institutions and processes of tax reform. She has previously worked at New York University School of Law in the United States, in major Australian law firms and at the Australian Taxation Office and has consulted for government on various tax and transfer policy issues.
Name	Estelle Li and Alfred Tran
Title	The Australian Dividend Imputation System and Corporate Tax Avoidance
Abstract	This study investigates whether and how the Australian dividend imputation system alleviates corporate tax avoidance of Australian listed companies. Based on a sample of profitable Australian listed companies across the period from 2009 to 2012, we find that companies distributing a higher proportion of their after-tax profits as franked dividends and companies with less foreign ownership engage in less corporate tax avoidance. No significant association between foreign operations and corporate tax avoidance is found. Further analyses reveal that when an Australian company with foreign ownership pays more franked dividends to meet the demands of its Australian shareholders, it tends to engage in less corporate tax avoidance; and when an Australian company has foreign operations, it may shift foreign profits to Australia to enjoy greater benefits from the imputation system. The study contributes to the literature and political debate with regards to corporate tax avoidance by providing empirical evidence on the

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	tax avoidance-reducing effect of the dividend imputation system.
Bio	(Estelle) Xuerui Li is a PhD candidate at the Australian National University Research School of Accounting. She holds Bachelor of Commerce with First Class Honours from the Australian National University. She has taught principles of tax law, corporate accounting and reporting, introductory and advanced financial accounting, and financial statement analysis and business valuation, to undergraduate and postgraduate accounting students. She is completing her doctoral thesis on the relation between corporate tax avoidance and the dividend imputation system.
Bio	Alfred Tran is an Associate Professor at the Australian National University Research School of Accounting. He holds a PhD in accounting and taxation from the Australian National University. He has taught principles of tax law and corporate accounting in Australia and Hong Kong. His main research interest is how taxes affect business strategy.
Name	Na Li
Title	Trump's tax reform plan: A Chinese perspective
Abstract	With regard to Trump's tax reform outline announced on 26th April, the Chinese government criticized Trump is "initiating a world-war for tax competition". However, the author holds an opinion that Trump's reform plan is only a "Trump's Trap", which both Trump and his government already ascertain be unable to pass, but still announced an intention of luring other jurisdictions to engage in tax competition. The author believes that China cannot afford a tax cut on company tax, given its continuing efforts on VAT reform as well as planned Individual Income Tax reform. Thus, the author's suggestion is that China should ignore Trump's plan and stick to its own schedule for tax reform.
Bio	Na Li is a Lecturer at East China University of Political Science and Law (Shanghai, China), and is also a Chinese lawyer and US (New York State) lawyer practicing in cross-border investment and international taxation. She obtained an LLB from Fudan University (Shanghai) in 2001, an LLM in taxation from Boston University in 2009 and a PhD from Vienna University of Economics and Business (WU) in 2015.
Name	Sacchidananda Mukherjee and R Kavita Rao
Title	Corporate Tax Incentives in India: Efficient and Fair?
Abstract	The present Indian corporate tax system has a number of tax incentives, generating a regime that does not satisfy conditions of equity or efficiency. In the present system, small companies, having lower profit before tax, face a higher effective tax rate compared to big companies. The situation is not conducive for new entrepreneurs to start businesses (start-ups). The incidence of the corporate tax also varies across sectors. An attempt is made in this paper to provide an overview of the status of corporate tax exemptions in India when viewed in comparison with other comparable countries and to briefly ask, whether the incentives discriminate across size classes of firms, where the incentives are effective in achieving the intended objectives. Finally, this paper inquires whether the government's stated objective of a reduction in the tax rates and removal of exemptions would bring a level playing field for business in India and for India in comparison with similar countries.
Bio	Sacchidananda Mukherjee is Associate Professor, National Institute of Public Finance and

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	Policy, Delhi, India.
Bio	R. Kavita Rao is Professor, National Institute of Public Finance and Policy, Delhi, India.
Name	John McLaren and Rhys Cormick
Title	Dividend imputation: A critical review of the future of the system given that Australia is only one of four countries with very generous franking credits
Abstract	A great deal of research has been undertaken recently reviewing the benefits and costs of the current Dividend Imputation System in Australia. Much of the research has focused on the need to have a low corporate rate of income tax and the trade-off would be a repeal of the imputation system. Other research conducted on behalf of the Financial Services Institute of Australasia has supported the retention of the imputation system after reviewing its impact on share prices, the cost of capital and foreign investment. Other research supported by the superannuation industry fully supports dividend imputation because of its taxation benefits for superannuation funds in Australia. The Australian Government is also examining the impact the imputation system has on government revenue and the complexity of the tax system. The purpose of this paper is to critically review the current research on the benefits of the dividend imputation system as well as the negative implications on investment. This paper will consider how reform to Australia's imputation system may impact the dynamics between companies and the superannuation industry. This review will be conducted within the context of the overseas experience with countries adopting a range of alternative measures designed to eliminate the double taxation of company profits. The paper will advance a range of recommendations for the retention of the current imputation system and recommendations for its improvement or abolition.
Bio	Dr John McLaren has previously held positions as a Barrister and Solicitor in private practice in the ACT and NSW, Australia. The legal practice handled a wide range of commercial law and litigation matters for small to medium corporations. John then held a senior management position with the ANZ Bank Limited in their Tax-Effective Finance area involved with investment by the bank in leveraged leases. He also worked as a financial planner with an accounting and financial planning practice in Melbourne being an authorised representative of IOOF. Prior to joining RMIT in 2003 as a tenured lecturer, he was engaged in taxation consulting in his own Company for medium to large corporations and high net worth individuals. John is the co-author of a number of texts in taxation law, law of investments, cyber law and commercial law. John is the co-editor of the <i>Journal of Australian Taxation</i> with John Passant from the Australian National University.
Bio	Rhys Cormick is a tax practitioner with a big four firm and is an LLM student at the University of Sydney.
Name	Chris Murphy
Title	Modelling Company Tax Reform Options
Abstract	This paper models various options for company tax reform in Australia, using a CGE model.
Bio	Chris Murphy is a Visiting Fellow at ANU and specialises in economy-wide modelling. He began his career at The Treasury and subsequently led economy-wide modelling teams at the Office of EPAC, Access Economics, Econtech, KPMG Econtech and Independent Economics. He

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	<p>commenced as a Visiting Fellow at the ANU in 2014. Chris developed the Murphy macro-econometric model of the Australian economy and subsequently developed models of the same type for the Governments of New Zealand, Singapore, Malaysia and Abu Dhabi for use in macroeconomic policy analysis and forecasting. Chris has developed a series of computable general equilibrium models of the Australian economy for assessing the effects of tax reform proposals. These models were used by the Australian Government in the lead up to the introduction of GST, in the Henry Tax Review report and in the 2015-16 Tax Review process. In 2016 Chris was commissioned by The Treasury to model the proposed cut in the company tax rate from 30 to 25 per cent and his report was released by The Treasury on Budget night 2016. Later in 2016 he was commissioned by The Treasury to review of its economic modelling capability and his review was released early in 2017.</p>
Name	Gareth Myles
Title	Tax Treaties and the International Allocation of Production: The Welfare Consequences of Location Decisions and Strategic Tax Setting
Abstract	<p>A tax treaty will affect the location decision of a multinational firm that allocates its production across countries to maximize profit. In turn, the behavioural response of the multinational will determine the welfare impact of a tax treaty. This paper explores the link between tax treaties and location decisions, and identifies the factors that determine the welfare outcome. The outcomes for cooperative and non-cooperative tax-setting by source and residence countries are contrasted. The case of a tax sparing treaty is used to illustrate how strategic interaction can result in an apparently beneficial treaty leading to a welfare loss.</p>
Bio	<p>Gareth Myles has been Professor of Economics and Head of the School at the University of Adelaide since January 2017 and a Research Fellow at the Institute for Fiscal Studies in London since 1998. He was previously a lecturer at the University of Warwick, and Professor of Economics and Director of the Tax Administration Research Centre at the University of Exeter. He is a Managing Editor of the Journal of Public Economic Theory and was managing editor of Fiscal Studies from 1998 to 2013. His major research interest is in public economics and his publications include Public Economics (1995), Intermediate Public Economics (2006) and numerous papers in International Tax and Public Finance, the Journal of Public Economic Theory, and the Journal of Public Economics. He was one of the authors of the Mirrlees Review of the UK Tax System. Gareth has been an Academic Adviser to HM Treasury and HM Revenue and Customs. He has also provided economic advice to international bodies including the European Commission and the OECD.</p>
Name	John Taylor
Title	Australian company tax in historical and global context: Snapshots of history
Abstract	<p>A series of snapshots of the Australian corporate tax at some key points in our tax history and policy. An analysis of policy results at each point and consideration of the effects of treaties. When did our corporate tax system change and why? What has been the influence of key tax treaties on the company tax?</p>
Bio	<p>C John Taylor is a Professor in the School of Taxation and Business Law in the Business School at UNSW, Sydney, Australia. Professor Taylor's main areas of research have been: capital gains tax; corporate – shareholder taxation; international tax; taxation treaties; and tax simplification. He has been a contributing author to all editions of <i>Understanding Taxation Law</i></p>

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	(Lexis Nexis, 2002, 2004, 2009, 2010, 2011, 2012, 2013 and 2014, 2015, 2016, 2017). His sole authored book, <i>Capital Gains Tax: Business Assets And Entities</i> was cited several times in the decision of the High Court of Australia in <i>FCT v Murry</i> (1998) 193 CLR 605 and in several other Australian court decisions. John was the Inaugural Honorary Research Fellow of the Taxation Institute of Australia and in that capacity was the principal author of <i>Beyond 4100: A report on measures to combat rising compliance costs through reducing tax law complexity</i> , Taxation Institute of Australia, 2006. From 2006 to 2007 John was a consultant to the Australian Department of the Treasury on specific anti-avoidance provisions in the income tax. John is currently a Visiting Fellow at the Tax and Transfer Policy Institute at the Crawford School of Government.
Name	Richard Vann and Ray Rees
Title	International tax post-BEPS: Is the corporate tax really all that bad?
Abstract	The corporate income tax has been getting a particularly bad press from academic economists for over three decades, as one of the most inefficient tax instruments currently used by governments. The criticism of the corporate income tax has been matched by a similar bad press for taxation of capital income generally. More recently these views have come to be accepted both at the national and international levels by government policy makers, who indeed have become strong advocates of such changes. At the same time as this criticism has become more insistent in several countries based around international distortions produced by the corporate income tax, there has been public outrage against tax avoidance by multinational enterprises to which the response was the launching of the OECD/G20 Base Erosion and Profit Shifting (BEPS) project designed to shore up the corporate income tax. Perhaps to defend against claims that this is just politics to secure re-election, two of the BEPS 15 Action items have involved policy examination of the corporate income tax and seem to represent a reconsideration of the view that it is particularly inefficient.
Bio	Richard J Vann is Challis Professor of Law at the University of Sydney. In 2006 he was William K Jacobs Jr Visiting Professor at Harvard Law School and he has taught regularly at New York University School of Law and the School of Advanced Study, University of London. He specialises in corporate, comparative and international taxation. He is a graduate of the University of Queensland, Australia and Oxford University, UK.
Bio	Ray Rees is Emeritus Professor of Economics at the University of Munich and a Research Associate at the University of Sydney Law School. He works on optimal tax theory and applications and the economics of uncertainty and insurance.
Name	Sebastian Wende and Chung Tran
Title	Firm heterogeneity and capital taxation
Abstract	In this paper we compare the Marginal Excess Burden (MEB) of different taxes on capital in a model with heterogeneous firms. We use the model of Gourio and Miao (2011) where firms undergo idiosyncratic productivity shocks and face heterogeneous financing options. The model allows us to not only compare the MEB of different taxes such as corporate tax, dividend tax and capital gains but also to see how the MEB changes with different policy settings. The model shows that including firm heterogeneity is important for accessing the distortions from taxes on capital. Further the results highlight that distortions to financing decision lead to the largest welfare losses through reductions in multi-factor productivity.

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Bio	<p>Sebastian Wende is currently a PhD candidate at the ANU with the Research School of Economics. Sebastian's PhD compares the distortions from different taxes using Overlapping Generation Models. Sebastian was inspired to undertake a PhD after his work for Treasury which included working on the report for the business tax working group and the Re:think tax discussion paper. His time at Treasury allowed him to identify questions that weren't be effectively addressed in the academic literature. Sebastian also previously spent time working at the RBA.</p>
Bio	<p>Chung Tran is a Senior Lecturer at the Research School of Economics, Australian National University. His primary research areas are Macroeconomics and Public Finance. Some specific topics have included: evaluating dynamic general equilibrium effects of social insurance systems including social security and public health insurance; analyzing implications of taxation; and understanding dynamic effects of public debt, fiscal stress and fiscal austerity. His research contributes to better understanding of macroeconomic policy, taxation and redistribution policy. His works appears in leading academic journals including Review of Economic Dynamics, European Economic Review, Journal of Economic Dynamics and Control, and Journal of Development Economics.</p>