

PAF3534X– Independent Study in Taxation and Spending in Selected Countries
Preliminary Syllabus Fall 2016
College of Social Sciences
KIMEP University

Instructor: Dr. Gerald Pech
Email: gpech@kimep.kz
Phone: 8 777 3934146
Office: Valikhanov Bld # 505

Meeting schedule

Wednesday (or by special arrangement Thursday) 6pm In each meeting I am going to give a short introduction to a topic and distribute guidance questions for the following week.	18:00	Vk#505
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Course Description:

This course focuses on problems of taxing and spending and how these are resolved in different countries including OECD countries and emerging economies. It familiarizes the student with basic concepts, principles of international taxation and differences between tax systems.

Learning Objectives

- To appreciate major differences in approaches to fairness, tax morale and tax administration
- To become familiar with the pillars of tax systems in international perspective
- To understand the consequences of international competition for tax base

Intended Learning Outcomes

Students should be able to

- Explain basic concepts and terminology
- Identify major trends in the size of government and composition of taxes in different countries
- Describe differences in tax compliance
- Explain different systems of capital income taxation
- Explain different concepts of tax neutrality
- Explain basic principles governing the taxation of international capital flows
- Identify major problems of tax administration in different countries
- Describe different social security systems

Prerequisites:

There are no prerequisites for this course

Assessment:

I. Essay 40 %

II. Six written reports on the topics 20 %

(the first three reports have to be handed in by 23 October and will enter the first assessment result of 10%. The next three reports and the essay will add to the second assessment result and have to be handed in by 27 November)

III. Final Exam 40%

The exam covers the guidance questions and what we have done in our meetings.

Students will present written reports in which they try to answer the guidance questions which are handed out for each of the five class sessions. Answers do not need to be perfect! The answers will serve as a basis for the discussion in class.

Attendance:

If a student misses more than two class session with no excuse, 5/100 may be subtracted from the overall mark for each missed class in excess of one.

Course Outline

Day	Date	Subject	Reading
0	31.08.	Introduction	
1	07.09.	The Political Economy of Taxation	
2	14.09.	Tax Morale: A First Assessment	Rosen chpt 16, Alm
3	21.09.	Some Basic Concepts and Definitions	Kay/King chpts 1 , 2
4	28.09.	Distribution and Fairness	Rosen chpt 3
5	05.10. /19.10	Taxation of Personal Income	Rosen chpt 17, Mesere chpt 6
6	26.10.	Taxation of Capital Income	Kay/King chpt 10, Mesere chpt 8
7	02.11.	International Issues in Capital Taxation	Griffith et al (see IFS link)
8	09.11. 16.11.	Consumption Taxes	Crawford et al (see IFS link)
9	23.11.	Social Security	Rosen, chpt 11, Mesere chpt 7
10	30.11.	Tax Administration and Compliance	
11	07.12.	Review class	

Basic Sources:

- Ken Mesere, Flip De Kaan, Christopher Heady, Tax Policy. Theory and Practice in OECD Countries, Oxford UP 2003.
- Harvey S. Rosen and Ted Gayer, Public Finance, 9th ed., McGraw Hill 2010
- John Kay and Mervyn King, The British Tax System, 1990 (downloadable from IFS.org.uk)
- James Mirlees (editor), Dimensions of Tax Design and Tax by Design, 2011, report of the Mirlees Review (downloadable from IFS.org.uk)

Please check the course webpage at www.geraldpech.net/lectures for other articles and resources for specific chapters.

Disclaimer: This syllabus may be subject to pre-announced changes.

COURSE PAPER

Procedures: The papers have to be delivered electronically by 21 November.

Students may work in groups of up to three. Please indicate your interest in a topic by e-mail. There are eight topics.

Guidelines: You have to deliver a short essay (minimum 3,000 words, 4,000 for groups of two, maximum 6,000 words plus tables, diagrams and reference list). Please consistently use one citation and referencing style (for example, Chicago or APA style). Make sure that you observe the rules of an academic writing style, in particular put sufficient distance between what you are writing and yourself as a writer.

For each topic there is a reading list. Please initially focus on the basic literature and then look at the more specialized papers in the further reading section. Whilst you are free to add any source of interest, make sure that your essay reflects all titles in the reference list for your topic. If you cannot find a title, please ask your professor.

Topics for the Term Papers

Topic 1 The Political Economy of Taxation: Redistribution

Basic Literature

Profeta, P., Puglisi, R., Scabrosetti, S. (2013), Does Democracy Affect Taxation and Government Spending? Evidence from Developing Countries, Journal of Comparative Economics 41: 684-718. Working Paper

Further Reading

Meltzer, A., Richard, S., A Rational Theory of the Size of Government, *Journal of Political Economy* 89, 1981: 914-927.

Borge, L.-E., Rattso, J., Income Distribution and Taxstructure: Empirical Test of the Meltzer–Richard hypothesis, *European Economic Review* 48, 2004: 805 – 826.

Bonica, A., McCarty, N., Poole, K.T., Rosenthal, H., Why Hasn't Democracy Slowed Rising Inequality? *Journal of Economic Perspectives* 27 (3), 2013: 103–124.

Topic 2 Tax Evasion: Cross-Cultural Differences

Basic Literature

Alm, J., Measuring, Explaining and Controlling Tax Evasion: Lessons from Theory, Experiments, and Field Studies, *International Tax and Public Finance* 19: 54-77.

Further Reading

Alm, J., Troegler, B. (2006), Culture Differences and Tax Morale in the United States and in Europe, *Journal of Economic Psychology* 27: 224-246. Working Paper

Troegler, B., Schneider, F. (2007), What Shapes Attitudes Toward Paying Taxes? Evidence from Multicultural European Countries, *Social Science Quarterly* 88: 443-470.

Kirchler, E., Maciejovsky, Schneider, F. (2003), Everyday Representation of Tax Avoidance, Tax Evasion and Tax Flight: Do Legal Differences Matter?, *Journal of Economic Psychology* 24: 535-553.

Topic 3 Tax Progressivity in Different Countries

Basic Literature

Piketty, T., Saez, E., How Progressive is the U.S. Federal Tax System? A Historical and International Perspective, *Journal of Economic Perspectives* 21 (1), 2007: 3–24.

Further Reading

Alvaredo, F., Atkinson, A.B., Piketty, T., Saez, E., The Top 1 Percent in International and Historical Perspective, *Journal of Economic Perspectives* 27(3), 2013: 3–20.

Mesere, K., De Kaan, F., Heady, C., Tax Policy. Theory and Practice in OECD Countries, Oxford UP 2003, chapter 6.4 and 6.4.

Topic 4: Preferences for Redistribution

Basic Literature

Amiel, Y., Cowell, F., Gaertner, W., To Be or Not to Be Involved: A Questionnaire-Experimental View on Harsanyi, *Social Choice and Welfare* 2009.

Further Reading

Rawls, J., *A Theory of Justice*, Cambridge UP 1999, chpts 1 and 2.

Harsanyi, J., Cardinal Utility in Welfare Economics and in the Theory of Risk-taking, *Journal of Political Economy* 61, 1953: 434-435.

Alesina, A., Giuliano, P., Preferences for Redistribution, in: A. Bisin, and J. Benhabib (eds), *Handbook of Social Economics*, North Holland 2011: 93-132.

Topic 5: Equitable Taxation and the Income Tax Base

Basic Literature

Kay, J., King, M., *The British Tax System*, 1990, chapters 3, 5 and 6.

Further Reading

Musgrave, R.A., Musgrave, P.B., *Public Finance in Theory and Practice*, 5th ed., 1989, chapter 13 (Approaches to Tax Equity) parts A and B.

Mesere, K., De Kaan, F., Heady, C., *Tax Policy. Theory and Practice in OECD Countries*, Oxford UP 2003, chapter 6 (The Personal Income Tax).

Rosen, H.S., Gayer, T., *Public Finance*, Rosen, 9th ed., McGraw-Hill 2010, chapter 17.