

Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	Bc. Jan Láznička
Advisor:	Petr Janský, Ph.D.
Title of the thesis:	Withholding Tax Rate Elasticities of Foreign Direct Investment Outflows and Tax Revenue Consequences of Double Tax Treaties

OVERALL ASSESSMENT (provided in English, Czech, or Slovak):

Contribution

Jan Láznička wrote an excellent, policy-relevant empirical thesis on the revenue costs of tax treaties for countries around the world. With tax treaties and related tax avoidance high on the media and policy agenda in the Organisation for Economic Cooperation and Development (OECD) and other international organisations, Jan has written a thesis on a very topical issue – and there is thus also a relatively good chance of policy makers and others being interested in the results of his work. The specific focus of his thesis - withholding tax rate elasticities of foreign direct investment outflows and tax revenue consequences of double tax treaties - has not been studied much until very recently and this focus alone would make his thesis a worthwhile contribution.

Among all existing research, Jan's thesis is unique, to my knowledge, in using the cross-country data to estimate withholding tax rate elasticities and in using them to estimate potential revenue losses stemming from low tax rates. Jan has spent considerable time collecting and organising the withholding tax rate data and this, in itself, is a commendable accomplishment (this might not necessarily be obvious, I am afraid, from reading of the thesis).

Jan has worked intensively and diligently on his thesis throughout the whole year and this has enabled him to write master thesis, which is outstanding in its contribution.

I recommend that Jan takes the time and rewrites his thesis in the form of an academic paper and submits it to an economics journal. I am confident that were he to do this, he could target a high-ranked journals such as the International Tax and Public Finance journal (and I am confident also because a recent research of mine and Marek Šedivý - which provides revenue estimates, but without elasticities and for a much smaller sample of countries - has resulted into a paper forthcoming in the World Economy journal). Pursuing the academic publication should be of benefit to Jan, but even more so to the research community dealing with tax treaties and international tax policy making in general.

Methods

Jan has managed to collect and create a unique and vast data set, the best he could create for the research questions he posed. For putting together such complex data set, Jan needed to acquire and use various knowledge and skills. Jan used this state-of-the-art data set and applies the most advanced empirical methods used to study this kind of elasticities. Jan was careful in using the complex data he collected and in employing the econometric methods. For example, he provides lower and upper bounds when multiple reasonable scenarios presented themselves. It seems to me that Jan is using the appropriate methods and is aware of any disadvantages his methodological approach might have, but, taking a step back, I understand that a reader less familiar with this kind of research might appreciate a better exposition of these potential pitfalls.

Literature

Jan demonstrates a good command of the relevant academic literature to which he contributes (including two recent papers by the IMF and World Bank economists). In his thesis Jan discusses the most relevant papers from both academic and policy points of view. Jan does a good job of discussing the relevance of his results to the existing literature at the end of his results section.

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Manuscript form

The manuscript form of Jan's thesis is of high quality, the layout is clear and Jan has put thought into how to communicate his results well. For example, I appreciate the nice graphs (although they might be too small in print to read). A minor downside might be Jan's use of bullet points for longer sections of the text, as in his chapter 4, which, in my opinion, should be better avoided.

Suggested questions for the committee

You have indicated your main results in terms of intervals – could you briefly explain your reasoning and methodology behind these intervals?

How do your results compare with other similar studies' estimates? And how do you explain the differences?

Summary

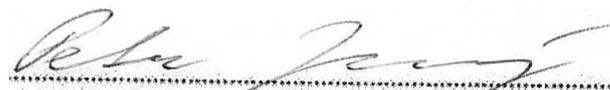
In short, Jan did an excellent job of creating and working with a novel panel data set, applying empirical methods in a competent way to answer interesting research questions and I recommend a grade of A, a distinction and a nomination for awards.

SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY	POINTS
<i>Contribution (max. 30 points)</i>	30
<i>Methods (max. 30 points)</i>	30
<i>Literature (max. 20 points)</i>	20
<i>Manuscript Form (max. 20 points)</i>	20
TOTAL POINTS (max. 100 points)	100
GRADE (A – B – C – D – E – F)	A

NAME OF THE REFEREE: Petr Janský, Ph.D.

DATE OF EVALUATION: 11 January 2019



Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

CONTRIBUTION: *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	0

METHODS: *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	0

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

MANUSCRIPT FORM: *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

Overall grading:

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F