Report on Bachelor / Master Thesis

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

Student:	Júlia Hamráková
Advisor:	Doc. Petr Janský, Ph.D.
Title of the thesis:	Tax competition: strategic tax rate lowering and expected impact of US 2017 reform on other countries

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

Contribution

Júlia Hamráková wrote a very good, policy-relevant empirical thesis on international taxation. She motives her thesis with the timely discussion of the US 2017 reform and discusses whether countries follow the USA in the corporate income tax rate setting. Júlia provides new results of importance to the ongoing policy debates at the IMF, OECD and other relevant international fora.

The thesis' core contribution, as I see it, is in replicating the influential study by the IMF. With newer data Júlia re-estimates the influential research work by IMF on strategic tax spillovers. While she confirms the earlier IMF results about the existence of the strategic tax rate spillovers, she does not provide evidence consistent with solid leadership of the USA in the tax rate setting. In this focus on the USA, her thesis is going beyond what the IMF did. Furthermore, she finds that countries which are geographically closer to the USA and OECD jurisdictions are more likely to follow the USA in the tax rate policy changes. She discusses the relevance of these findings for the ongoing debates as well as the potential effects of the cut in statutory tax rate of the USA of more than 10 percentage points.

The contribution is commendable for an undergraduate thesis.

Methods

The data and methodology used are state-of-the-art for the questions at hand. Focused on replication of the existing influential study, the main methodological innovation comes from focusing on the USA in Júlia's extension of the IMF work. Júlia applies the GMM method, common in similar analyses, but going beyond standard undergraduate curriculum. Júlia present the results clearly, but I wish she discussed them slightly in more detail in section 5, but I would like to add that her discussion in section 6 is very good.

Literature

Júlia discusses the most relevant research papers with regard to tax competition and profit shifting and she also demonstrates her familiarity with some of the existing studies evaluating the recent US tax policy reform.

Manuscript form

The manuscript form is clear and well outlined and accessible for the reader.

The use of English throughout the thesis is good and does not hinder understanding, but it seems that it did not undergo a thorough proofreading by a proficient user and so the readability (style) and grammar correctness (e.g. articles) could be improved.

Another minor point is that I wish the introduction included an explicit discussion of how the thesis contributes to the existing literature (and be thus also longer by at least a one paragraph).

Also, let me note that the third section, on the US tax reform and its possible impact by groups of countries, if to be included at all, should be rewritten to better fit the overall structure and flow of the thesis and be more focused on the research question at hand when discussing the rather general aspects of the US tax reform at the beginning.

Suggested questions for the committee

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On the basis of your thesis' empirical results and on the basis of other relevant existing literature, what do you think about the effect of the US reform on other countries' tax rate? What it will likely be and how much uncertainty there is in your answer?

In short, Júlia did a good job of writing a thesis and, depending on the defence and related discussion, I recommend a grade of A or B**.**

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

CATEGORY		POINTS
Contribution	*(max. 30 points)*	30
Methods	*(max. 30 points)*	25
Literature	*(max. 20 points)*	18
Manuscript Form	*(max. 20 points)*	18
TOTAL POINTS	*(max. 100 points)*	**91**
GRADE	**(A – B – C – D – E – F)**	**A**

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

DATE OF EVALUATION: *23 August 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.*

Strong	Average	Weak
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.*

Strong	Average	Weak
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.*

Strong	Average	Weak
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.*

Strong	Average	Weak
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