Report on **Bachelor / Master Thesis**

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

Student:	**Markéta Červená**
Advisor:	**Doc. Petr Janský, Ph.D.**
Title of the thesis:	**Patent box regimes: Evaluation of ex post tax incentives effects on innovating activity**

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

Contribution

Markéta Červená wrote a very good empirical thesis on research and development and international taxation. She motives her thesis with the importance of R&D for economic development, but also with its suitability for tax avoidance purposes. Her thesis is on a timely topic of patent boxes, which have been adopted in recent years by a number of countries.

Markéta Červená has taken up the important, but challenging task of comparing the impacts of patent box introduction on R&D and patenting activity with impacts generated by equivalent change in corporate income tax rate in order to evaluate whether the patent boxes in general succeed in targeting the tax benefit efficiently on the R&D. Despite numerous methodological challenges, Markéta provides new set of results that send a new light on the patent box regimes that could be of relevance to the ongoing policy debates at OECD and other international policy fora. The contribution is adequate for an undergraduate thesis.

Methods

The data and methodology are adequate for the questions at hand. One important limitation that influenced Markéta's work on the thesis was the limited data access since much of the best data are proprietary and could not be accessed by her (such as detailed company ownership or balance sheet data). Much of the current frontier research uses detailed microeconomic data, while Markéta had access only to data that did not allow for detailed company-level or similarly detailed analysis, which has restricted the methodological approaches she was left with (or, better, she came up with innovatively) in answering her research question. Markéta overcome these and related challenges quite well (perhaps she might leverage the descriptive statistics more) and her thesis thus deserve appreciation for what she has done. Still, I wish she provided even more discussion of the limitations in the text of her thesis (likely including at least a brief mention in the abstract) – she lists many of the limitations just before conclusion, but a more detailed discussion of what these limitations (might) imply for the obtained results seems warranted.

Markéta applies the seemingly unrelated regression equations method (SURE), which goes beyond the standard undergraduate curriculum. Markéta present the results clearly and the fact, that her results are inconclusive is not an important factor in evaluating the quality of thesis and is natural in research and scientific progress more generally.

Literature

Markéta shows that she has read the most influential papers in the field and uses them well to motivate her analysis. I wish she used more references in her empirical section and compared her methodology and results to existing literature more than she does.

Manuscript form

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

Suggested questions for the committee

On the basis of your thesis' empirical results as well as on the basis of other relevant existing literature, should, in your opinion, the Czech Republic introduce a patent box regime and why?

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In short, Markéta did a good job of writing a thesis and I recommend a grade of B (or C), depending on her performance at the defence of her thesis.

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

CATEGORY	POINTS
Contribution (max. 30 points)	22
Methods (max. 30 points)	22
Literature (max. 20 points)	19
Manuscript Form (max. 20 points)	18
TOTAL POINTS (max. 100 points)	**81**
GRADE (A – B – C – D – E – F)	**B**

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