

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	<b>Bc. Josef Pokorný</b>
<b>Advisor:</b>	<b>Doc. Petr Janský, Ph.D.</b>
<b>Title of the thesis:</b>	<b>International taxation and cross-border mergers and acquisition</b>

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

### **Contribution**

Josef Pokorný wrote a very good, policy-relevant empirical thesis on international taxation and cross-border mergers and acquisition. This is an important topic with research work ongoing internationally and frequent policy changes at both global- (OECD Base Erosion and Profit Shifting initiative) and country-level (the US 2017 reform, Tax Cuts and Job Act). The specific area of Josef's focus and his choice of data and methods has not been studied so intensively so far in the existing literature and Josef thus helps to fill in this gap.

Josef empirically supports the idea that differences in taxation of target and acquirer country pose opportunities for tax optimization practices that increase the probability of choosing a target location with higher tax difference. He shows the heterogeneity and other supplementary results. His contribution is adequate for a very good master thesis. While in his thesis Josef provides an empirical analysis with interesting findings, I wish he was even more explicit in specifying his contribution with regard to the existing literature, as I discuss in more detail below in the literature section. This is important in particular since Josef's results differ to some extent from the existing literature, as he notes in the thesis, and I believe even more detailed discussion would be warranted and would also enable a clearer evaluation of his contribution.

### **Methods**

For the research questions posed, Josef uses the best available, state-of-the-art data sources. Josef employs methods used in previous literature in component way. For example, it is good to see that, in addition to statutory tax rates, Josef is using effective rates, which is not common in the existing literature (to even improve in this respect, he might have used both the forward-looking and backward-looking effective tax rates, each of which has different implications generally and for some specific countries such as Luxembourg in particular).

I appreciate that Josef takes the additional step and estimates revenue implications following up on his regression estimates. This methodological part still seems more like work in progress (also as acknowledged by Josef in the thesis), but it is good that Josef decided to go down this path since it exemplifies his ability to think independently and develop new methodological approaches.

### **Literature**

Josef demonstrates his familiarity with some of the most relevant studies in economics relevant for his thesis. He cites major studies on international taxation as well as those specifically related to his thesis's topic.

At the same time, his treatment of the literature is slightly uneven and the discussion is not as focused as it could be. I would like to see a more concentrated discussion of the research papers most closely related to the thesis and how they are similar or different from the thesis. Josef does so quite well in the methodology section, but I would like to see more of it towards the end of the results section (and briefly in the introduction). He does discuss the differences in results in conclusion and also in the results section on page 59, for example, but I wish he would provide more potential explanations for the differences between the existing studies and the thesis.

I would also prefer a better organisation of the literature review rather than the current subsection on related literature in section 2 that is wedged, not necessarily in a self-explanatory way, between two other parts of international capital flows and tax competition. This is followed by section 3 that includes

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	<b>Bc. Josef Pokorný</b>
<b>Advisor:</b>	<b>Doc. Petr Janský, Ph.D.</b>
<b>Title of the thesis:</b>	<b>International taxation and cross-border mergers and acquisition</b>

another array of diverse topics and angles, some of which are indeed too pedagogical or introductory that they could be left out. Some literature is taken up again in Section 4. My more general point is that – and this is linked with the following manuscript form section – the thesis should be more focused and better structured and organised (and perhaps if I was given some/more time for review before submission, I would raise this point earlier and more strongly).

## Manuscript form

With the exception of the point raised above, the manuscript form is generally of high quality and reflects Josef's skills as well as experience (this is Josef's second master thesis, since he wrote another one at a university abroad).

The introduction is written very well, structured in a similar way to current prevailing conventions of leading academic journals for empirical papers in economics (with the important exception of stating his contribution to the existing literature explicitly).

I wish Josef had time to put the thesis for a careful proofreading, which would improve the style and limit the occasional language errors (such as, in the abstract, "We further evaluate these effect using...").

## Suggested questions for the committee

Could you briefly summarise, in a similar way that should have been included in introduction and that you have included in the conclusion, how your methods and results compared to the existing literature? In particular, could you expand on the potential explanations in differences between your and other studies (as discussed in your thesis on page 59) – what, do you think, might be behind the differences?

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

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

<b>CATEGORY</b>	<b>POINTS</b>
<i>Contribution</i> (max. 30 points)	25
<i>Methods</i> (max. 30 points)	24
<i>Literature</i> (max. 20 points)	18
<i>Manuscript Form</i> (max. 20 points)	18
<b>TOTAL POINTS</b> (max. 100 points)	<b>85</b>
<b>GRADE</b> (A – B – C – D – E – F)	<b>B</b>

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

**DATE OF EVALUATION:** 21 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.*

<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