

Report on Bachelor / Master Thesis

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

Student:	Tomáš Boukal
Advisor:	Doc. Petr Janský, Ph.D.
Title of the thesis:	How Much in Taxes Do Multinational Enterprises Pay?

OVERALL ASSESSMENT

Contribution

Tomáš Boukal wrote an excellent empirical thesis about taxation of multinational enterprises. Tomáš poses an important research question in his thesis title and answers it in the thesis itself with the use of the state-of-the-art methods and the best available data.

There are hardly any existing contributions answering the research question for many countries worldwide. Tomáš considers two such leading contributions, compares them and re-estimates them with newer data. The thesis is thus relevant for both researchers and policy makers, both groups of which very often discuss this very question including in the context of corporate tax avoidance as well as international corporate tax system reforms.

Tomáš's thesis is a great achievement for a bachelor thesis and it is worth thinking for him how to make this accessible to researchers in the field.

Methods

Tomáš carries out the re-estimation of multinational enterprises foreign affiliates' tax contributions using the works of Tørsløv et al. (2018) and Bolwijn et al. (2018). He very well describes the contribution as well as FDI income methods. He is re-estimating these methodologies for the most recent data available, 2017.

Throughout the thesis, Tomáš exhibits a very good grasp of the methodology and underlying economic and data issues. He seems to apply the methods carefully and discusses the results appropriately. He provides a thoughtful explanation whenever he needs to make a methodological choice, disagrees with the literature or observes results that seem inconsistent (he discusses the latter, for example, in section 4.3). In fact, he uses multiple methods and data sets in section 4. he then moves on in section 5 to employ these new estimates in a follow-up, exploratory analysis, trying to explain them through analysing the relationship between the corporate tax revenues and corporate income tax rates (I appreciate the fact that he added this section despite the low number of observations and other details, that Tomáš appropriately acknowledges).

Tomáš competently uses a variety of data sets, most of them are standard and the best available for the research question at hand. In addition, as one of his auxiliary data sources, Tomáš has innovatively used the country-by-country reporting data of large multinational enterprises published for the first time only in July 2020. He is aware of both their advantages and limitations uses them well in section 3. Relatedly and using that data, I would like to note that Figure 3.5 (Contribution of MNEs to corporate tax revenues based on location of affiliate, 2016) is a very nice piece of a straightforward descriptive statistics done in a way that is revealing and very informative, though inherently limited by the data limitations.

Literature

Tomáš is very well familiar with the existing literature in economics about tax avoidance and profit shifting by multinational enterprises, but instead focuses on seemingly less developed literature focused on what they indeed pay in corporate income taxes. Specifically, he identifies – correctly in my view – the publications of Bolwijn et al. (2018) and Tørsløv et al. (2018) as two of the most important recent contributions to the literature and he explains and applies their methodologies in order to present the amount of taxes paid by foreign affiliates of multinationals in individual countries. Also, in

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the follow up section 5, he builds again on the shoulders of some of the best public finance economists including Kimberly Clausing and Joel Slemrod.

Manuscript form

The thesis is written very clearly, the style and language used is mostly very appropriate.

Suggested questions for the committee

So, how much in taxes do multinational enterprises pay? Having studied your results and conclusions, I am still not sure how you are going to answer this question during the defence and I am curious to find out.

Summary

In my view, the thesis fulfills the requirements for a bachelor thesis at IES, Faculty of Social Sciences, Charles University, I recommend it for the defense and suggest a grade A.

The results of the Urkund analysis do not indicate significant text similarity with other available sources.

In short, Tomáš Boukal did an excellent job of writing a thesis and I recommend **a grade of A as well as the distinction and a nomination for any relevant awards.**

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	30
<i>Methods</i> (max. 30 points)	28
<i>Literature</i> (max. 20 points)	20
<i>Manuscript Form</i> (max. 20 points)	20
TOTAL POINTS (max. 100 points)	98
GRADE (A – B – C – D – E – F)	A

NAME OF THE REFEREE:

DATE OF EVALUATION:

Digitally signed (17. 1. 2021)
Petr Janský

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.*

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.*

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

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.*

Overall grading:

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