

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	<b>Bc. Nikol Labíková</b>
<b>Advisor:</b>	<b>Petr Polák, MSc.</b>
<b>Title of the thesis:</b>	<b>Tax competition: A Meta-analysis</b>

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

The thesis investigates topic of tax competition from meta-analytic perspective. Author finds presence of publication bias that causes overestimation and no real underlying effect – corporate tax rate in home country is not dependent on corporate tax rates in competing countries. Nikol also finds differences between results based on the effective tax rate and statutory tax rates. Using results of explanatory meta-regression author argues, that changes of tax rates are rather driven by political situation in the home country than by tax rates in other countries. This brings new empirical evidence into ongoing OECD action plan debate. Even though the topic of the thesis is highly relevant to finance, taxation problematic is not taught at IES. Nikol decided for such topic thanks to her interest in it (the idea of summarizing empirical results of corporate tax competition was suggested by Mgr. Petr Janský, M.Sc., Ph.D.). Therefore I am grateful that Nikol managed to write a thesis in which the reader is gently introduced into the topic even without previous knowledge of it.

### **Literature**

Nikol uses relevant, high quality and recent articles. Topic of corporate tax competition is nicely put into current perspective and explained with relation to BEPS and OECD action plan. Previous works about tax competition are mentioned as well as important meta-analytical studies, which form a baseline for empirical part.

### **Methods**

Nikol analyses own gathered dataset for which she uses proper meta-analytical methods. Data collection process is well described along with the dataset itself – in total Nikol manually coded more than 500 estimates from 20 studies along with about 20 explanatory variables. After dropping the outliers, her final sample consists of 300 estimates of statutory tax rate and 200 estimates of effective tax rate effects. This is a great amount for a meta-analysis. Nikol follows standard guidelines defined by prof. Stanley and every step of the applied methodology is explained. For publication bias testing, Nikol uses several methods to get robust results and for the explanatory regression the most suitable FE estimator is chosen as she uses all available data from each study.

### **Contribution**

There is an ongoing debate about corporate tax competition and this is the first meta-analysis analyzing the relationship between corporate tax rates in different countries for which the dataset had to be manually collected by the author of the thesis. Nikol herself believes that corporate tax competition exists to some extent yet she presents results that find no relationship between statutory or effective tax rates among countries but presence of publication bias. I am glad, that she avoided the publication bias herself. Nikol finds that tax rates are driven by the events in the country itself (like election) rather than reaction to the corporate tax level in other countries.

### **Manuscript Form**

The thesis is well formatted and structured, it is easy for the reader to orient in the text. I like the introduction into the topic, yet Nikol sometimes uses long sentences which might be difficult to follow for someone who is not familiar with the topic. I am also grateful that Nikol decided to write her thesis in LaTeX to maintain the current trend at IES even without any previous experience with such programme.

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## Supervisor notes:

All of my comments were incorporated into the manuscript, hence I have no further questions. She presented her thesis on the top meta-analytical conference in September 2016 and got not only positive comments about the topic, but the audience claimed that she has perfect looking funnel plots. I would like to emphasize that collection of all variables and search for studies is very time-demanding work and she managed to re-collect additional variables after she got feedback on the conference in the USA.

Overall, I would suggest that the after shortening, selecting the most interesting results and polishing the manuscript, the thesis should be send for publication.

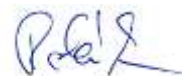
**I recommend the thesis for defence and for reasons stated above I suggest grade A.**

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

<b>CATEGORY</b>	<b>POINTS</b>
<i>Literature</i> (max. 20 points)	18
<i>Methods</i> (max. 30 points)	30
<i>Contribution</i> (max. 30 points)	30
<i>Manuscript Form</i> (max. 20 points)	16
<b>TOTAL POINTS</b> (max. 100 points)	<b>94</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>1</b>

**NAME OF THE REFEREE:** Petr Polák

**DATE OF EVALUATION:** 2. 2. 2017



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**Referee Signature**

**EXPLANATION OF CATEGORIES AND SCALE:**

**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

**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

**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

**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 POINTS	GRADE		
81 – 100	<b>1</b>	= excellent	= výborně
61 – 80	<b>2</b>	= good	= velmi dobře
41 – 60	<b>3</b>	= satisfactory	= dobře
0 – 40	<b>4</b>	= fail	= nedoporučuji k obhajobě