

Report on Bachelor / Master Thesis

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

Student:	Júlia Hamráková
Advisor:	doc. Petr Janský, M.Sc., 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):

This bachelor thesis provides investigation into international corporate income tax competition and focuses on spillovers emanating from the past tax reductions in the USA. The thesis' main aim is to provide evidence on whether other countries follow changes in the US corporate tax rate setup. To achieve this, panel econometric methods standardly applied by bachelor students are used (e.g. GMM) and the following conclusions are reached: (i) corporate tax spillovers do exist though the US setup does not have necessarily a leading role, (ii) countries which are located closer to the US borders tend to be affected by the corporate tax spillovers more than countries which are located farer away.

Contribution

This research forms an extension to the previous literature (e.g. Crivelli et al., 2016) dealing with the topic of tax spillovers, in general. Specifically, it uses the weighted world corporate income tax rate in the model, on the one hand, and on the other, focuses on the USA which allows tracing down the effect of the past tax, in the empirical study set-up. As such, it may be followed in future case studies that share a similar research question.

Methods

Since the thesis deals with panel data (187 countries over 37 years), it uses standardly applied estimator – GMM – which is suitable and satisfactory for a bachelor thesis' level. The methodology is described extensively and tested thoroughly which shows the student's ability to perform a decent econometric analysis.

Literature

Literature is cited well and includes, for example, the landmark study of Arellano and Bond (1991) in context of econometrics used. It also includes information on the most recent studies such as Tørsløv et al. (2018). One of the most cited papers is Crivelli et al. (2016) which is followed and extended in the context of the strategic tax rate spillovers. References to this paper made in conclusion of the thesis as well as discussion of results with its conjuncture included is appreciated and well performed.

Manuscript form

Manuscript form is slightly below average of the IES bachelor student thesis standard. The piece is not structured optimally, although the text follows quite logically and is complemented by charts or tables. A few things which could have been improved. Firstly, it includes a large number of subsections which is perhaps a little excessive. Section 2 is divided into two uneven parts, the first one (2.1) is large and well written, the second (2.2) is just one paragraph. Given Subsection 2.2 is tied to Section 3, the author could have subsumed it into Section 3 or, even better, include Section 3 into Section 2 and reduce the overall number of Sections. Some consolidation might be pursued also in Sections 5 and 6 where the results and their interpretation is discussed. This critique applies also to Section 4 which includes subsections of the subsections. Secondly, some attention could have been paid to number of decimals – e.g. table in Subsection 5.1 includes numbers with 7 decimals (e.g. 0.5108009). It makes it hard to read, compare or follow. Also the naming of the variables might have been adjusted to allow for easier reading though I acknowledge this standard is not followed sometimes even in the published papers (perhaps some example not worthy of following...).

Summary and suggested questions for the discussion during the defense

In the case of a successful defense, I recommend the grade B.

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

CATEGORY	POINTS
Contribution (max. 30 points)	29
Methods (max. 30 points)	25
Literature (max. 20 points)	19
Manuscript Form (max. 20 points)	8
TOTAL POINTS (max. 100 points)	81
GRADE (A – B – C – D – E – F)	B

NAME OF THE REFEREE: PhDr. Jan Hájek

DATE OF EVALUATION: 11. 8. 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