

# Institut ekonomických studií

## Fakulta sociálních věd, Karlova universita Praha

### Referee report on the Master Thesis

Student Name:	Václav Toman
Thesis Supervisor Name:	Ondřej Schneider
Thesis Title:	Economic Globalization and Tax Systems

#### Overall Evaluation:

The master thesis submitted by *Václav Toman* deals with an issue of tax systems' adaptation to globalization process. In his thesis, Václav has presented and analyzed data on tax systems in all OECD countries and has demonstrated that the globalization has not, yet, resulted in excessive tax erosion or "run to the bottom". The thesis does not present any tangible political economy model that would attempt at explaining differences in tax system across countries. The thesis is written in reasonable English and provides a thorough overview of the existing literature. Therefore, I recommend the thesis for the defense and suggest grade B, i.e. **good**. After a brief introduction, the second chapter provides a brief discussion of the existing literature on tax competition and effects of globalization. Václav, however, never. The most recent paper quoted is from 2012, though and some papers are rather idiosyncratic (Cai and Treisman analysis of intra Russian flows on page 5). Chapter 3 presents stylized data on corporate profit taxation in the OECD countries. Modelling here is rather intuitive (averages, either weighted or unweighted) and a test of a drift (section 3.3.2). However, lack of data does not allow for really significant results to be derived. Regression results on page 15 suggest that tax burden is, if anything, increasing over time. A more detailed analysis in section 3.3.3 provides comprehensive results, but Václav does not provide very convincing explanation of the reported results, apart from stating that we cannot confirm the convergence hypothesis.

The fourth chapter deals with qualitative analysis, using means of an analysis of statutory tax rates and double taxation avoidance treaties. The section relies heavily on the OECD data and serves rather as a tax-lawyer list than economic analysis. On page 50, the discussion returns back to economic analysis and the presented analysis of Norway idiosyncrasies is interesting and insightful. Estonia, with its highly specific tax system, gets much shorter and traditional treatment on page 52. The conclusion summarizes results.

I recommend the thesis for the state exam defense and I would recommend grade "2" for the final exam grade.

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#### **SUMMARY OF POINTS AWARDED:**

<b>CATEGORY</b>	<b>POINTS</b>
Literature (0-20)	15
Methods (0-30)	20
Contribution (0-30)	18
Manuscript Form (0-20)	17
<b>TOTAL POINTS (0-100)</b>	<b>70</b>
<b>GRADE</b>	<b>2</b>

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(Signature)

**Ondřej Schneider**



**Evaluated on: 25 August 2014**