

Discipline: Archival Taxation

1. Language

English

2. Title

Seminar on Archival Tax Research

3. Lecturer

Professor Sonja Rego, PhD, Kelley School of Business, Indiana University

Webpage: <https://kelley.iu.edu/faculty-research/faculty-directory/profile.cshtml?id=SOREGO>

Google Scholar Profile: <https://scholar.google.com/citations?user=sNVUL64AAAAJ&hl=en>

Professor Rego is the KPMG Professor of Accounting at Indiana University. Her research examines how taxes affect decisions by managers, investors, and other corporate stakeholders. She has published articles in *The Accounting Review*, *Journal of Accounting and Economics*, *Journal of Accounting Research*, *Contemporary Accounting Research*, *Review of Accounting Studies*, the *Journal of the American Taxation Association*, and the *Journal of Law and Economics*. She has served as Editor at *The Accounting Review* (2017-2020), the *Journal of the American Taxation Association* (2020-2023), and *Accounting Horizons* (2015-2018). Prior to joining Indiana University in 2011, Professor Rego was an Associate Professor at the University of Iowa (1999-2011). She earned her PhD from the University of Michigan in 1999. She worked as Tax Staff at Arthur Anderson LLP (1993-1995) and as a Corporate Income Tax Auditor for the New York State Department of Tax & Finance (1991-1993).

4. Date and Location

Monday, June 19, 2023 through Thursday, June 22, 2023, 9:00 am – 5:00 pm.

Teerhof 58, 28199 Bremen, Germany.

5. Course Description

The objective of this course is to enhance your ability to critically evaluate and conduct empirical tax accounting research. This course is also intended to expand your understanding of the interactions between income taxes, financial reporting, and corporate stakeholders, such as investors, analysts, auditors, media, and governmental regulators. In addition to introducing you to tax research that overlaps with research in financial and managerial accounting, corporate finance, and economics, this course should also help you develop:

- 1) An appreciation for the role of theory in applied work.
- 2) An understanding of research designs commonly used in accounting and finance.
- 3) The skills necessary to design and conduct empirical research.
- 4) Skills to identify research projects with potential for publication in premier journals.

To achieve these objectives we will read and discuss seminal and recent archival tax research.

Schedule

Day 1: June 19, 2023

9:00am: Session 1 – Introduction and Overview (No Student Presentations)

Background Readings for Professor Rego's Lecture on Archival Tax Literature:

Hanlon, M. and S. Heitzman. 2010. A Review of Tax Research. *Journal of Accounting and Economics* 50 (2010): 127-178.

Wilde, J.H. and R.J. Wilson. 2018. Perspectives on Corporate Tax Planning: Observations from the Past Decade. *The Journal of the American Taxation Association* 40 (2): 63-81.

Mills, L.F. 2019. Pursuing Relevant (Tax) Research. *The Accounting Review* 94 (4): 437-446.

1:30pm: Session 2 – Introduction to Tax Avoidance (Student Presentations Begin)

- 1) Rego, S.O. 2003. Tax Avoidance Activities of U.S. Multinational Corporations. *Contemporary Accounting Research* 20 (4): 805-833.
- 2) Dyreng, S.D., M. Hanlon, and E.L. Maydew. 2008. Long-Run Corporate Tax Avoidance. *The Accounting Review* 83 (1): 61-82.
- 3) Frank, M.M., L.J. Lynch, and S.O. Rego. 2009. Tax Reporting Aggressiveness and Its Relation to Aggressive Financial Reporting. *The Accounting Review* 84 (2): 467-496.

Day 2: June 20, 2023

9:00am: Session 1 – Tax Avoidance and Managerial Incentives

- 4) Rego, S.O. and R. Wilson. 2012. Equity Risk Incentives and Corporate Tax Aggressiveness. *Journal of Accounting Research* 50 (3): 775-810.
- 5) Badertscher, B.A., S.P. Katz, and S.O. Rego. 2013. The Separation of Ownership and Control and Corporate Tax Avoidance. *Journal of Accounting and Economics* 56 (2-3): 228-250.
- 6) Chi, S., S.X. Huang, and J.M. Sanchez. 2017. CEO Inside Debt Incentives and Corporate Tax Sheltering. *Journal of Accounting Research* 55 (4): 837-876.

1:30pm: Session 2 – Tax Avoidance and Financial Reporting

- 7) Bozanic, Z., J.L. Hoopes, J.R. Thornock, and B.M. Williams. 2017. IRS Attention. *Journal of Accounting Research* 55 (1): 79-114.
- 8) Balakrishnan, K., J.L. Blouin, and W.R. Guay. 2019. Tax Aggressiveness and Corporate Transparency. *The Accounting Review* 94 (1): 45-69.
- 9) Dyreng, S.D., J.L. Hoopes, P. Langetieg, and J.H. Wilde. 2020. *Journal of Accounting Research* 58 (3): 643-692.

Day 3: June 21, 2023

9:00am: Session 1 – Tax Avoidance and Reputational Costs

- 10) Dyreng, S.D., J.L. Hoopes, and J.H. Wilde. 2016. Public Pressure and Corporate Tax Behavior. *Journal of Accounting Research* 54 (1): 147-185.
- 11) Chen, S., K. Schuchard, and B. Stomberg. 2019. Media Coverage of Corporate Taxes. *The Accounting Review* 94 (5): 83-116.
- 12) Bauckloh, T., I. Hardeck, K.K. Inger, P. Wittenstein, and B. Zwergel. 2021. Spillover Effects of Tax Avoidance on Peers' Firm Value. *The Accounting Review* 96 (4): 51-79.

1:30pm: Session 2 – Using ETRs to Measure Tax Avoidance: A Cautionary Tale

- 13) Drake, K.D., R. Hamilton, and S.J. Lusch. 2020. Are Declining Effective Tax Rates Indicative of Tax Avoidance? Insight from Effective Tax Rate Reconciliations. *Journal of Accounting and Economics* 70 (2020): 1-24.
- 14) Edwards, A., A. Kubata, and T. Shevlin. 2021. The Decreasing Trend in U.S. Cash Effective Tax Rates: The Role of Growth in Pre-Tax Income. *The Accounting Review* 96 (5): 231-261.
- 15) Schwab, C.M., B. Stomberg, and J. Xia. 2022. What Determines Effective Tax Rates? The Relative Influence of Tax and Other Factors. *Contemporary Accounting Research* 39 (1): 459-497.

Day 4: June 22, 2023

9:00am: Session 1 – Cross-Border Income Shifting

- 16) Dyreng, S.D. and B.P. Lindsey. 2009. Using Financial Accounting Data to Examine the Effect of Foreign Operations Located in Tax Havens and Other Countries on U.S. Multinational Firms' Tax Rates. *Journal of Accounting Research* 47 (5): 1283-1316.
- 17) Klassen, K.J. and S.K. LaPlante. 2012. Are U.S. Multinational Corporations Becoming More Aggressive Income Shifters? *Journal of Accounting Research* 50 (5): 1245-1285.
- 18) De Simone, L., K.J. Klassen, and J.K. Seidman. 2017. Unprofitable Affiliates and Income Shifting Behavior. *The Accounting Review* 92 (3): 113-136.

1:30pm: Session 2 – The Effects of Coordinated Global Tax Enforcement

- 19) Joshi, P. 2020. Does Private Country-by-Country Reporting Deter Tax Avoidance and Income Shifting? Evidence from BEPS Action Item 13. *Journal of Accounting Research* 58 (2): 333-381.
- 20) De Simone, L. and M. Olbert. 2022. Real Effects of Private Country-by-Country Disclosure. *The Accounting Review* 97 (6): 201-232.
- 21) Fox, Z.D., M. Jacob, J.H. Wilde, and R.J. Wilson. 2022. Beyond Borders: Uncertainty in Supragovernmental Tax Enforcement and Corporate Investment. *The Accounting Review* 97 (6): 233-261.

Wrap-Up

Course Format

The course will be conducted following a seminar format. Therefore, participants are expected to actively participate in the discussion and evaluation of all readings assigned for each class session. Each session will focus on three research studies in a particular area. Student participants will formally present these studies, and the presentations should be from the perspective of a discussant of the paper at a research conference. Participants should prepare their discussion as-if the authors were in the audience. Their comments should include a discussion of the strengths and weaknesses of the paper and constructive suggestions for improvement. Despite the fact that most of the papers discussed are published, you can pretend the authors would be able to make changes.

6. Preparation and Literature

Prerequisites

Master-level education in business or economics. Students should have previously read accounting research articles published in the premier academic journals. Students benefit most when they have already taken courses in research design and data analyses. They are expected to understand most of the research methods used in the course readings.

Essential Reading Material

The course readings are listed above in Section 5 “Schedule.”

To Prepare for the Course:

All participants are required to read the essential reading material prior to the course and prepare the discussion slides for their assigned paper(s). Students are also required to answer the following questions about each assigned paper in a brief memo (should be ≤ 1 page).

- 1) What is the research question and why is it important?
- 2) What are the hypotheses?
- 3) How do the authors address the research question?
- 4) What are the main empirical findings? Do the results support the hypotheses?
- 5) How could the study be improved or extended (one or two suggestions)?

7. Administration

Maximum number of participants

The number of participants is limited to 20.

Assignments

Students are required to serve as a discussant for two of the assigned readings. Each discussant will formally present the assigned readings, with 5-10 PowerPoint slides, as described above.

For each assigned reading (except the papers assigned for Session 1 on Day 1) students are required to write a memo that includes responses to the five questions listed in Section 6. Prior to the start of class each day, students should submit one document that contains the required memos for papers assigned that day.

Finally, students should actively participate in the class discussions.

Course grade

The course grade will depend on

- Class discussion: 33%
- Paper Presentations: 33%
- Memos summarizing each paper: 33%

Credits

The course corresponds to a scope of 6 LP/ECTS.

8. Working Hours

Working Hours	Hours
Preparation for course: Read required materials	120
Prepare paper summaries (Except Session 1 of Day 1)	31
Preparation for presentation of assigned paper	5
Active participation in course	24
TOTAL	180 h