Advanced Theory of Taxation

Lecture: Wednesday 9-12, Ludwigstr. 28, Room 024

Tutorial: Thursday 14-16, Ludwigstr. 28, Room 024

Note: The tutorial starts on April 24. It is bi-weekly and is held by Ferdinand Mittermaier.

I. Benchmark models

1. General equilibrium and welfare
2. Optimal commodity taxation
3. Optimal income taxation

II. Applications

4. Taxation and risk
5. Corporate taxation
6. Tax evasion
7. Public goods and externalities
8. Imperfect competition
9. International tax competition
10. Political economy of taxation


Methods:

• consistent use of general equilibrium models
• consistent use of duality theory (indirect utility): direct optimisation with respect to policy variables
• study of both optimal policy and policy reform
• mathematics essentially confined to constrained maximisation and comparative static analysis
• some dynamic issues, but no formal dynamic optimization methods required
• introduction to computable general equilibrium methods

Themes:

• critical (but implicit) role of informational constraints: limitations on the set of feasible tax instruments (second-best analysis)
• trade-off between equity and efficiency goals
Tutorials:

- exercises that solve for allocations or optimal tax policies, usually based on fully specified utility and production functions
- reading assignments with guidelines and questions
- some additional material that is complementary to lecture

Important: The tutorials are an essential part of the course. Doing the exercises before classes meet is critical for your learning process. In the tutorial students take turns in presenting the solved exercises. These presentations, together with general classroom participation, count for 25% of the final grade.

Further information

Office hour: Thursday, 10-11, Akademiestr. 1, 2nd floor
Homepage: www.ecpol.vwl.uni-muenchen.de