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Summer Term 2016

Master Seminar (6 CP)

**Tax Accounting Research:
Conforming and non-conforming tax planning**

Subject

Current tax accounting research typically concentrates on “non-conforming” tax planning strategies. Corresponding strategies reduce the tax burden of the firm without affecting the pre-tax financial accounting profit. Tax accounting researchers and financial analysts are able to identify such strategies by financial accounting measures like effective tax rates, book-tax differences and deferred taxes. By contrast, “conforming” strategies of tax planning do not only reduce the tax burden but also the pre-tax financial accounting profit. As a result, the identification of corresponding strategies is more complicated. Furthermore, “conforming” strategies imply a tax-induced manipulation of the financial accounting profit, which reduces the information content of the financial accounts (tax-induced earnings management). In our seminar, we discuss ways to identify and measure both forms of tax planning. Further topics are connections between tax planning and earnings management and profit shifting as a specific international form of tax planning.

Organisation

The seminar covers 6 CP. The number of seminar participants is restricted to 12 students. The application deadline goes over two rounds. The first 8 seminar places are assigned until March 31st, 2016 (Deadline 1). Further 4 places will be assigned until April 8th, 2016 (Deadline 2). The selection of applicants is based on their course credits with a main focus on taxation, finance, accounting, economics and statistics. Please send your application to steuern@ovgu.de. The application should include a student record.

The **assignment of subjects/research papers** as well as the **compulsory enrolment** will take place in the **first seminar session on April 7th, 2016**. After a short introduction into the topics of the seminar and the research methods, we will analyze a number of basic seminar papers in the following weeks as teamwork (group literature sessions). Afterwards, seminar groups of two students will analyze and present each an actual top research paper on conforming and non-conforming tax planning in the seminar.

Papers discussed in the group literature sessions:

- Hanlon, M. and Heitzman, S. (2010), A review of tax research, *Journal of Accounting and Economics*, 50, 127-178 (only Section 2 and Section 3 of the paper).
- Scholes, M., Wolfson, M., Erickson, M., Hanlon, M., Maydew, E., and Shevlin, T. (2015), *Taxes and business strategy: A planning approach*, 5th edition, Boston Pearson (only Chapter 2: Tax Planning Fundamentals).
- Frank, M., Lynch, L., and Rego, S. (2009), Tax reporting aggressiveness and its relation to aggressive financial reporting, *The Accounting Review*, 84, 467-496.
- Maydew, E. (1997), Tax-induced earnings management by firms with net operating losses, *Journal of Accounting Research*, 35, 83-96.
- Huizinga, H. and Laeven, L. (2008), International profit shifting within multinationals: A multi-country perspective, *Journal of Public Economics*, 92, 1164-1182.