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REPORT BY PROFESSOR EDMUND FITZGERALD ON HABILITATION THESIS OF DR PETR JANSKÝ

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I have known Dr Janský professionally for over a decade; first as one of our students here at Oxford University and subsequently as a research colleague in scientific research work on international taxation. I have followed his publications with great interest in terms of both their scientific rigour and their policy relevance.

His Habilitation Thesis 'Tax Havens and Financial Secrecy consists of an Introduction and nine chapters based on previously published (or forthcoming) papers in international peer-reviewed journals.

Chapter 2 is based on a co-authored paper (Cobham et al. 2015 which explores a concept of secrecy jurisdiction and presents the findings of the resulting Financial Secrecy Index. Dr Janský was responsible for the empirical analysis, which is of a high order of statistical method. This is the first time that tax havens have been scientifically defined and mapped. Chapter 3 is based on Janský (2015) and focuses on illicit financial flows from developing countries, identifying the relevant illicit financial flow indicators and discussing their advantages and limitations, and proposing the inclusion of a qualitative component of the Financial Secrecy Index into the investment component of the Commitment to Development Index. Chapter 4 focuses on profit shifting out of developing countries and, in particular, India (Janský and Prats 2015) which was mainly written by Dr Janský. He shows, using firm-level data, that multinationals with links to tax havens reported lower profits and paid less taxes per unit of assets; this is one of the first firm-level analyses of profit shifting for a developing country and marks an original contribution to the literature.

These papers has contributed significantly to debates on the United Nations' Sustainable Development Goals (specifically Target 16.4).

Chapter 5 focuses on profit shifting out of the Czech Republic (Janský and Kokeš 2015) and was also mainly written by Dr Janský. The empirical strategy and data source (Orbis) is similar to chapter 4. We present evidence suggesting that while the effect of MNEs' links with tax havens on the debt ratio of companies in the Czech Republic is consistent with profit shifting, although although the results regarding profits and taxes are not conclusive, the paper has clues as to a novel approach which is implemented in Chapter 6. Chapter 6 focuses on profit shifting out of the Czech Republic to three specific European tax havens (Janský and Kokeš 2016) and marks a contribution to the literature which tends to treat tax havens as a group. The use of firm-level data (Orbis) is also a new contribution to the literature. Chapter 7 (Janský forthcoming), focuses on potential corporate income tax revenue loss in the Czech Republic due to international corporate tax avoidance and especially profit shifting. In order to quantify the loss, figures are extrapolated for the Czech Republic from six international studies.

Chapter 8 estimates the misalignment between the location of economic activity carried out by MNEs in the United States and the location of their profits (Cobham & Janský, 2017c). Dr Janský was responsible for the quantitative and developed a new method designed to measure misalignment due to profit shifting, using the US Bureau of Economic Analysis data set of all US MNEs. The authors estimate that as much as a quarter of the global profits of all US MNEs may be shifted to locations other than where the underlying real activity actually takes place. Chapter 9 continues this line of work (Cobham and Janský forthcoming) and re-estimates the work of the International Monetary Fund with new data sources. Their global estimate figure of international corporate tax avoidance stands at approximately USD 500 billion; with losses relative to GDP are substantially greater in low- and lower middle-income countries. Finally, Chapter 10 estimates the scale of profit shifting and tax revenue losses related to foreign direct investment (Janský and Palanský 2017) and aims to show which countries' tax revenues are most affected by tax havens; building on the observation that the higher the share of foreign direct investment from tax havens, the lower the reported rate of return on investment - due to profit shifting.

It is clear, therefore, that the material presented demonstrates a coherent and rigorous research programme, successfully implemented by Dr Janský.

This habilitation thesis has three conclusions of considerable policy importance which have already contributed to international debate: (i) Low tax rates are not the only characteristic of tax havens which are attractive to foreign individuals and companies; financial secrecy, i.e. the lack of financial transparency, is important and facilitates illicit financial outflows from other countries; (ii) tax havens are not limited to small Caribbean islands - some European countries and relatively big economies also exhibit important characteristics of tax havens; and (iii) tax havens are associated with substantial tax revenue losses incurred by other countries' governments.

In conclusion, Dr Janský has built up a very strong research and publications record at a comparatively early stage in his career, and is regarded as an expert in his field by both academics and policy makers.

I have no hesitation in recommending him for Associate Professor status at Charles University. Further, I am sure that were he to apply for a similar position in a leading UK university, he would certainly be shortlisted and probably appointed.

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