

Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University

Student:	Bc. Matúš Pravda
Advisor:	Doc. Petr Janský, Ph.D.
Title of the thesis:	Global corporate tax reforms and how they might reduce profit shifting of multinational corporations

OVERALL ASSESSMENT

Contribution

Matúš Pravda wrote an insightful thesis on a timely topic of multinational corporations and how currently discussed tax reforms might affect their tax avoidance. The thesis is a carefully prepared piece of empirical analysis, presented mostly in a clear and competent way. For Matúš to complete his thesis, he needed to understand the complex tax system for multinational corporations, the data quality issues related to these firms as well as intricate details of the proposed tax reforms. The resulting thesis – with numerous interesting empirical findings – is a testament to his abilities and stamina.

Indeed, Matúš did not shy away from the Herculean tasks of modelling multinational corporations with activities in many countries and proxying several versions of global tax reforms. As I know from my own experience, this has been perhaps too ambitious for a master thesis, but Matúš did very well in accepting the challenge and in one way or another overcoming obstacles on the way. The result is one of the few existing empirical estimates of Pillar II ever and other major tax reforms currently under discussion or implementation. In that respect, Matúš's potential contribution is large – there does not exist a perfect complex study and his thesis presents one of only few attempts at it.

At the same time, for the record, let me clarify, due to the limitations mentioned in the thesis itself as well as in this assessment, it has naturally not been possible for Matúš to overcome all the limitations in the best possible ways (e.g., not having access to all the datasets that the OECD has) and I would thus use the results from the thesis to influence the policy making, if at all, then only in conjunction with the other studies such as those provided by the OECD or the EU Tax Observatory.

Methods

In short, Matúš did as well as he can methodologically – given the fact that he is a student, has no access to some private data sources such as Orbis and does not have legal or accounting scholars for co-authors or advisors. While Matúš clearly had to overcome a number of data limitations and was forced to proxy a number of details in the complex tax reform proposals, he explains what he does in his thesis and often discusses

Literature

Matúš has done a very good job of understanding the literature, including the tax reform proposals, the existing estimates and the literature about quality issues of data, which are an important methodological factor in similar studies. One minor detail: when reading the literature myself, I had the sense that the tax deficit proposal is very closely related to the other minimum tax proposals, but it is fine to have it separately as discussed as Matúš does, similarly to the METR proposal.

The results of the Urkund analysis do not indicate significant text similarity with other available sources.

Manuscript form

The thesis is written in good English. The formatting of the text is adequate and sufficiently nice for a thesis.

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There are some details that could be smoothed out. For example, there is a typo in the name of one of my co-authors (Garcia-Bernardo rather than Garcia-Bernardoa as on page 6). Also, as a minor comment, his tables are not formatted in the same way throughout the thesis (one can compare the different styles of tables 5.2, 6.1, 6.3, which are slightly distracting and might be unified).

Suggested questions for the committee

You have provided brand-new estimates for a major reform to affect multinational taxation in decades, the so-called Pillar II coordinated by the OECD. The OECD itself is planning to present their new estimates of Pillar II proposal on 18 January 2023, which is after I submitted this assessment and before you are defending your thesis. If you have studied it, can you discuss how and why your estimates differ? (I do understand that they have a large team of experienced economists working on their estimates for years, but answering the question might still be useful.)

Summary

In short, the thesis fulfils the requirements for a master thesis at IES, Faculty of Social Sciences, Charles University, and, in my view, Matůš Pravda did a good enough job of writing a thesis and I recommend a **grade of A**.

SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	28
<i>Methods</i> (max. 30 points)	28
<i>Literature</i> (max. 20 points)	19
<i>Manuscript Form</i> (max. 20 points)	19
TOTAL POINTS (max. 100 points)	94
GRADE (A – B – C – D – E – F)	A

NAME OF THE REFEREE:

DATE OF EVALUATION:

Digitally signed (13. 1. 2023)
Petr Janský

Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

CONTRIBUTION: *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

METHODS: *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

MANUSCRIPT FORM: *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

Overall grading:

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F