

Report on Bachelor / Master Thesis

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

Student:	Ivana Krouparová
Advisor:	Prof. Petr Janský, Ph.D.
Title of the thesis:	Corporate Taxation and Profit Shifting: Sectoral Differences and the Influence of Intangible Assets among European Multinationals

OVERALL ASSESSMENT (provided in English, Czech, or Slovak):

Short summary

This thesis explores the role of strategic location of intangible assets, one of the primary ways that multinationals can shift profits, in the overall profit shifting behaviour of European multinationals. The thesis uses the best available data for this purpose (Orbis) and expands existing literature on the topic by building on existing work and improving it in a number of ways. With her approach the author does not find evidence to confirm the hypothesis that multinationals use intangibles to shift profits, however, for certain types of firms, the relationship does hold.

Contribution

I think this is a very nice empirical contribution to the existing literature on profit shifting and firm behaviour in general. The author was able to work with great, complex datasets and seems to have handled the exercise very well. The thesis studies a hugely important topic.

I think there are a few methodological (or perhaps data/empirical) choices that were made that limit a bit the contribution of the thesis. The main one is that as far as I understand, the analysis does not include non-European subsidiaries, which is where the majority of shifted profits are reported, as shown by existing work. I understand this might be a limitation of the available data, however, it does make the results less convincing. Another, albeit a minor one, is that it's not entirely clear from the thesis how the company groups are constructed.

Methods

The methods chosen in this thesis are appropriate to study this research question – it builds on existing approaches and extends them in suitable ways.

Literature

The author was able to identify the most important literature and shows a good command of it.

Manuscript form

The thesis is well-structured and reads well. I like the presentation of most of the results – for example how coefficients are shown graphically (e.g. Figure 5.1 or 5.3). The readability of some of these could have been improved (e.g. very small font in Figure 5.5 or loads of unnecessary white space in Table A.2). Overall, it is however clear the author has spent a lot of time polishing the thesis and thought hard about how best to present the results – great job!

Overall evaluation and suggested questions for the discussion during the defense

In my view, the thesis fulfills the requirements for a bachelor thesis at IES, Faculty of Social Sciences, Charles University, I recommend it for the defense and suggest a grade A.

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

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During the defense, I suggest that the committee asks the author the following questions:

- Are there perhaps other data sources that could provide us more insights into how companies use non-EU tax havens to locate intangible assets with the aim to shift profits to those countries?
- Base on your knowledge of the issue, what would be your proposed policy solution to the problem of strategic location of intangibles? Especially in cases when the companies don't sell intangibles to tax havens, but directly develop them there from the start?
- What are your thoughts on the current negotiations about the UN tax convention? And how those proposals stack up against the work of the OECD in the area?
- How could we best align economic activity with reported profits in a globalized, digitalized world where businesses are in some cases characterized by intangible property?

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	27
<i>Methods</i> (max. 30 points)	28
<i>Literature</i> (max. 20 points)	20
<i>Manuscript Form</i> (max. 20 points)	18
TOTAL POINTS (max. 100 points)	93
GRADE (A – B – C – D – E – F)	A

NAME OF THE REFEREE: PhDr. Miroslav Palanský, M.A., Ph.D.

DATE OF EVALUATION: September 10, 2024

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