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Münster School of
Business and Economics
Institute of Accounting
and Taxation

› Institute of Accounting and Taxation *University of Münster*

2014 Annual Report

Highlights 4th EIASM Workshop on Current Research in Taxation | Completed Dissertations | New Ph. D. Students
Circle of Excellence in Accounting and Taxation | VT Summer School | INTOP Seminar



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**Münster School of
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**Institute of Accounting
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Dear colleagues and friends of the Institute,

I am pleased to present to you the 2014 edition of our annual review, which provides an overview of the institute's activities.

As in past years, many international scholars visited Münster. One highlight was the visit of Dhammika Dharmapala and Kevin Markle who presented as keynote speakers in the 4th EIASM workshop on Current Research in Taxation. They also took part in the Ph.D. seminar with students from throughout Germany and Austria. We are thankful for the valuable insights they offered us. The next workshop will be in Prague. We are looking forward to have Kenneth Klassen (University of Waterloo, Canada) and Ryan Wilson (University of Oregon) as keynote speakers in 2015.

Debra Salvador and Jason Malone attended along with a group of Virginia Tech students. The students had a great time and visited many places in Germany and Europe. Students from Münster are excited to study abroad for a semester in Blacksburg, Virginia, in exchange.

Numerous papers were presented on national and international conferences. We appreciated the invitation to present at the tax symposium in Austin (organized by the McCombs School of Business and the University of Waterloo), the National Tax Confer-

ence in Santa Fe and the conference of the Journal of International Accounting Research in Hong Kong, among others.

During the fall, four new Ph.D. students started at the institute. I am confident that they will support the institute's research in the coming years and I wish them luck with their forthcoming endeavors. Furthermore, I appreciate that Martin Thomsen decided to stay at the institute to pursue an academic career after finishing his doctorate.



After serving for two years as dean of the Münster School of Business and Economics, I stepped down in late October as is customary in Germany. During these two years, the associated deans and I succeeded in making the school's governance structure more professional, and we were able to raise the school's budget by a third. I wish my successor Prof. Dr. Theresia Theurl the very best and I am sure that she will continue to improve the school.

I hope you enjoy reading our report, and I am looking forward to another year of fruitful exchange and collaboration.

Sincerely yours,

Director

Prof. Dr. Christoph Watrin

Office

Melanie Wietkamp

Assistant Professors

Dr. Adrian Kubata
Dr. Martin Thomsen
Dr. Robert Ullmann

Research Assistants / Ph.D. Students

David Eberhardt Sven Tietz
Veit Hölzel Dr. Tim Wagener
Felix Knoll
Robert Leukefeld
Fabian Riegler

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Tino Boller
Dr. Rainer Braun
Steffen Gnutzmann
Norbert Graetz
Dr. Carsten Höink
Thorsten Hunkenschröder
Dr. Stefan Mense
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Hugo van Bremen
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KPMG Dortmund
FH Münster
WTS Frankfurt
LW TAX

Nikola Frieburg
Jonas Metz
Martin Sattler

› 4th EIASM Workshop on Current Research in Taxation

The **fourth Workshop on Current Research in Taxation**, jointly organized with the European Institute for Advanced Studies in Management (EIASM), was held in Münster between June 30 and July 1, 2014. The annual tax conference, which has the goal of bringing together international scholars working on current issues in taxation, was co-chaired by Professor **Christoph Watrin** and Professor **Christiane Pott** from the University of Dortmund.



This year we were proud to welcome Professor **Dhammika Dharmapala** from the College of Law (University of Illinois) and Professor **Kevin Markle** from the Henry B. Tippie College of Business (University of Iowa) as our keynote speakers. The first day of the workshop was opened by Professor Dharmapala's speech, which raised the question of what we actually know about base erosion and profit shifting (BEPS). His presentation highlighted related state-of-the-art research results, directions for future research, and implications for policymakers. Recently, many multinational corporations have publicly been accused of shifting corporate income to low-tax jurisdictions, which leads to an erosion of the taxable base in their high-taxing home countries. In spite of this, policymakers have purported to tighten existing cross-border anti-income shifting rules in order to prevent such corporate measures.

Extensive empirical literature seeks to estimate the existence and the magnitude of BEPS using a variety of different approaches. The results, however, do not provide comprehensive evidence for the mentioned policy accusation. In examining a broad sample of U.S. firms, only a relatively small degree of profit shifting has been identified. It remains for future research to explain the gap between policy accusation and empirical evidence.



Professor Dhammika Dharmapala,
Ph.D. (University of Illinois, College
of Law)



Professor Dharmapala, is a professor of finance and an expert on tax policy, public economics, law and economics, and political economics.

His research and teaching activities center on determinants of corporate tax avoidance and the impact of taxes on the firm value.

Professor Dharmapala earned his Ph.D. in economics from the University of California Berkeley. He was later a postdoctoral fellow at Harvard University and a John M. Olin Visiting Fellow in Law and Economics at Georgetown University Law Center.

He has published numerous papers in prominent accounting, law, and economics journals over the past two decades.

He serves on the editorial board of the *Review of Law and Economics*.

On the second day, Professor Markle took the floor to open the meeting by presenting a lecture entitled "The Missing Modifier: Accounting Research on Tax Avoidance." After providing an overview of the importance and major areas of tax research in accounting, he discussed and classified the terminol-

4th EIASM Workshop on Current Research in Taxation <



**Professor Kevin Markle,
Ph.D. (University of Iowa
Henry B. Tippie College
of Business)**



Professor Kevin Markle received his Ph.D. in accounting from the University of North Carolina at Chapel Hill and took an assistant professor position at the University of Waterloo in 2011.

His research currently focuses on international tax and the ways in which multinational corporations reduce their tax burdens using international tax planning.

His teaching interests are financial and managerial accounting as well as tax and business strategy.

Professor Markle's work has been published in leading tax and law journals.

ogy of different tax avoidance measures. For example, research has not yet provided satisfactory answers as how to measure adequately different types of tax planning and how those types may, for instance, affect stock prices and firms' reputation. In particular, he brought up the question of whether the market views tax avoidance in a positive light. Empirical evidence suggests that it does view it positively until a threshold after which the market's view of tax avoidance becomes decidedly negative. However, this threshold has not been precisely identified, revealing new opportunities for future research. Professor Markle additionally pointed out that tax avoidance is not solely a domestic phenomenon and therefore must be considered within a multijurisdictional context. Thus, the answer to the question of whether countries view tax avoidance positively seems to represent two sides of a coin and depends on perspective. It is viewed negatively and referred to as base erosion when income is shifted out of a country. It is viewed positively and referred to as competition when it is shifted into a country. Therefore, an effective solution for cross-country tax planning issues requires a global multi-party approach that takes the different interests into account. Professor Markle also consistently stressed the great potential of tax research in accounting to inform policymakers on various levels.

In subsequent workshop sessions over two days, more than 30 participating scholars from 25 different universities located in 10 different countries presented and discussed

Workshop on Current Research in Taxation Past co-chairs and keynote speakers

Co-chairs with Prof. Christoph Watrin

2011	Prof. Eva Eberhartinger (Vienna University)
2012	Prof. Andreas Oestreicher (University of Göttingen)
2013	Prof. Christoph Spengel (University of Mannheim)
2014	Prof. Christiane Pott (University of Dortmund)

Keynote speakers

Prof. Michelle Hanlon (MIT)
Prof. Edward Maydew (UNC)
Prof. Jennifer Blouin (Wharton)
Prof. John Robinson (Texas at Austin)
Prof. Scott Dyreng (Duke)
Prof. Douglas Shackelford (UNC)
Prof. Dhammika Dharmapala (UIUC)
Prof. Kevin Markle (UI)

› 4th EIASM Workshop on Current Research in Taxation

their empirical work in progress. Topical examples include working papers on cross-border profit shifting, determinants of tax avoidance and tax aggressiveness, the role of taxes in sustainability reports, the impact of executive compensation on tax avoidance, transfer pricing, and the effects of tax loss carry-forwards on location decisions.

Headed by the two outstanding keynote speakers, the workshop provided a highly productive platform and atmosphere to present and discuss research projects. We very much appreciate the effort and commitment of participants who traveled to Münster and played a significant role in contributing to the great success of this year's conference.

The fifth Workshop on Current Research in Taxation will be held in July 2015 in Prague, Czech Republic. On that occasion, we are excited to welcome Professor **Kenneth Klassen** from the University of Waterloo and Professor **Ryan Wilson** from the University of Oregon as our next keynote speakers. We look forward to meeting tax researchers from all over the world.



Announcement

5th Workshop on Current Research in Taxation Prague, July 1-2, 2015

Keynote speakers:

Professor Kenneth Klassen

University of Waterloo

Professor Ryan Wilson

University of Oregon

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Conference Participation <

The 2014 Annual Meeting of the European Accounting Association

From May 21 to May 23, 2014, the 37th annual congress of the European Accounting Association (EAA) took place in Tallinn, Estonia. More than 800 researchers from around the world presented their current research projects in the areas of auditing, accounting education, financial analysis, financial reporting, accounting and governance, accounting and information systems, management accounting, public sector accounting, social and environmental accounting and taxation. The Muenster Institute of Accounting and Taxation submitted four papers, all of which were accepted for presentation:

- Robert Ullmann was the first of the four to present, and he discussed his collaborative work with Christoph Watrin and Martin Thomsen entitled “Domestic Tax Havens - Real and Tangible Shifting”
- In a parallel session with discussants, Gerrit Lietz offered insights into his paper “Do Tax Information Exchange Agreements Affect the Extent and Riskiness of Multinational Firms' Tax Avoidance?” (co-authored by Tim Wagener). In the same session, Tim Wagener presented his collaborative work with Christoph Watrin, “The Relevance of Complex Group Structures for Income Shifting and Investors' Valuation of Tax Avoidance.”

- In one of the last tax sessions, Martin Thomsen presented his paper “Tax Sells – How Do Jurisdictions Attract Firms and How Do Firms React to Mispricings?”

Between the sessions, researchers enjoyed sufficient time to talk with their peers, relax in the sun and even sightsee. The discussion of the paper yielded many useful comments and suggestions to revise the papers. Next year's annual congress will be held in Glasgow, Scotland.

2014 Taxation in a Global Economy Research Symposium



The conference on **Taxation in a Global Economy** was hosted by the Department of Accounting of the McCombs School of Business at the University of Texas and the Waterloo Centre for Taxation at the University of Waterloo. It took place in Austin, Texas on September 25th and 26th.

The aim of the conference was to strengthen the understanding of base erosion and income shifting. Both topics are a significant issue in recent policy discussions throughout the world. Policymakers cast the blame on multinational enterprises exploiting international tax law loopholes to greatly reduce their tax payments. Hence, the US, the EU, the G20



› Conference Participation

nations as well as the OECD are calling for coordinated action to strengthen international tax standards and efforts to identify and close possible gaps in international tax laws.



In addition to policymakers, multinational corporations also currently face a great challenge: On the one hand, international investors demand corporations to be tax efficient and to maximize firm values. On the other hand, multinational enterprises face a heightened sensitivity of citizens to tax fairness issues and the risk of reputational costs. This tradeoff creates a scenario that challenges business operations.

The conference provided an excellent platform to bring together thought leaders from science and practice so that they could discuss current issues of taxation in the global economy. Only a few selected papers have been presented and discussed at the conference. It was a privilege for Tim Wagener and Christoph Watrin to have their paper, “The Relevance of Complex Group Structures for Income Shifting and Investors’ Valuation of Tax Avoidance”, be accepted. Their paper highly benefited from the discussion with conference participants and from the comments and suggestions received. The authors especially thank their discussant Professor Linda Krull from the University of Oregon.

107th Annual Conference on Taxation of the National Tax Association

The 107th Annual Conference on Taxation of the National Tax Association (NTA) took place in Santa Fe,

New Mexico, from November 13 – 14, 2014. The conference, where economists, lawyers, and accountants discuss current topics in the field of taxation, took place in the Santa Fe Community Convention Center.

Martin Thomsen presented a paper entitled “Tax Sells – How Do Jurisdictions Attract Firms and How Do Firms React to Mispricings?” within the concurrent session on tax distortions in firm mobility, local employment, and finance. The discussant (Sebastian Siegloch) and the interested audience provided helpful comments on the paper. It has been a valuable experience to participate in this conference that brought together a substantial part of the American tax research community.



Presentation at the 20th Workshop for Accounting, Auditing and Taxation in Siegen

On March 25th, the 20th Workshop for Accounting, Auditing and Taxation organized jointly by the Siegen School of Business and Economics (Professor Krawitz) and the Siegen Forum for Accounting, Auditing and Taxation took place. At the workshop, academics, members of the executive authorities, tax consultants and auditors conducted presentations regarding topics in accounting and taxation. This year, the headline topic was “Current (Corporation) Tax Policy.” Professor Watrin was in-

Conference Participation <

vited to speak. Together with David Eberhardt he analyzed current problems of dividend taxation. The recent developments and implications were thoroughly discussed with participants.



Journal of International Accounting Research (JIAR) Conference 2014

This year's annual conference of the **Journal of International Accounting Research** took place at the Hong Kong Polytechnic University in China. The goal of this conference was to deepen understanding and raise awareness of the challenges and opportunities of international accounting through sharing



original and rigorous research work, providing practitioners and regulators with deeper insights into international accounting issues. A working paper from the Institute of Accounting and Taxation, written by Adrian Kubata and Christoph Watrin was accepted for presentation at JIAR. The conference of-

ferred an excellent opportunity to interact with leading finance and accounting researchers from all over the world. Professor Xiaoquan Jiang from Florida International University was assigned as the discussant of the paper and provided valuable suggestions for further revision of the presented paper. The session was moderated by Professor Tony Kang (Oklahoma State University). The subsequent discussion with Professor Kang and the audience resulted in further comments that have helped to improve the paper.

10th International Gottfried von Habeler Conference in Vaduz

More than hundred academics, business people, journalists and politicians gathered in June in Vaduz/Liechtenstein to discuss the role of the state in a free society. The conference was opened by H.H. Prince Hans-Adam II. of Liechtenstein. Taking the constitution of the Principality of Liechtenstein as an example Prince Hans-Adam II. discussed the constitutional framework for a free society in the third millenium. Prof. Watrin delivered a dinner speech on „Tax Policy after the Financial Crisis“.



› Conference Participation

2014 Research Conference Presentations

<i>Authors</i>	<i>Working Paper Title</i>	<i>Occasion (Presenter)</i>
D. Eberhardt and C. Watrin	<i>Problemfelder der Dividendenbesteuerung</i>	20 th Workshop for Accounting, Auditing and Taxation, Siegen (Eberhardt) Fachinstitut der Steuerberater, Düsseldorf (Watrin)
D. Eberhardt and C. Watrin	<i>Europarechtliche Probleme der Dividendenbesteuerung bei Körperschaften</i>	Doktorandenseminar, Freiburg (Eberhardt)
D. Eberhardt	<i>Europarechtliche Probleme der Dividendenbesteuerung bei Körperschaften—dargestellt am Beispiel des § 19 Abs. 2 Satz 2 InvStG</i>	Accounting Day, Münster (Eberhardt)
D. Eberhardt and C. Watrin	<i>Probleme der Anlegerbesteuerung bei Kapitalinvestitionsgesellschaften</i>	Doktorandenseminar mit dem Inst. f. Steuerrecht, Münster (Eberhardt)
T. Wagener and G. Lietz	<i>Do Tax Information Exchange Agreements Affect the Extent and Riskiness of Multinational Firms' Tax Avoidance?</i>	European Accounting Association Annual Congress (EAA), Tallinn (Lietz) 76. Wissenschaftliche Jahrestagung des VHB, Leipzig (Wagener)
M. Thomsen, R. Ullmann, and C. Watrin	<i>What Happens When Tax Havens are Shut Down?</i>	European Accounting Association Annual Congress (EAA), Tallinn
T. Wagener and C. Watrin	<i>The Relevance of Complex Group Structures for Income Shifting and Investors' Valuation of Tax Avoidance</i>	VHB Kommissionssitzung, Hannover (Watrin) Taxation in a Global Economy: Research Symposium, Austin Texas (Watrin) European Accounting Association Annual Congress (EAA), Tallinn (Wagener)
R. Ullmann and C. Watrin	<i>A New Method to Discover Earnings Management that Aims at Meeting (or Beating) Earnings Targets</i>	European Accounting Association Annual Congress (EAA), Tallinn (Ullmann)
M. Thomsen	<i>Tax Sells—How Do Jurisdictions Attract Firms and How Do Firms React to Mispricing?</i>	European Accounting Association Annual Congress (EAA), Tallinn (Thomsen) Doktorandenseminar, Freiburg (Thomsen) National Tax Conference, Santa Fe (Thomsen)
A. Kubata and C. Watrin	<i>A Reexamination of the Association between Earnings Information, Earnings Persistence, P/E Ratios, and ERCs</i>	Journal of International Accounting Research, Hong Kong (Kubata)
C. Watrin	<i>Tax Policy after the Financial Crisis</i>	10 th International Gottfried von Habeler Conference, Vaduz (Watrin)

Completed Dissertations <

The cumulative dissertation of **Martin Thomsen** consists of three papers that investigate the interaction between financial accounting income and taxable income. A commonality among them is found in their databases. More precisely, all studies use da-



Dr. Martin Thomsen, born 1985 in Kleve, graduated from the Münster School of Business and Economics in winter 2010 with majors in Taxation and Finance. After finishing the Ph.D. program, he works as Post-Doc ("Akademischer Rat") at the Münster School of Business and Economics (Institute of Accounting and Taxation).

ta from European countries (in two of the three studies, a German dataset is used) to yield conclusions for firms and global policymakers. For example, in the case of the political debate regarding whether the U.S. should move from a two-book to a one-book system, a unique situation in Europe is used, where both one-book and two-book systems occur. Therefore, inferences for international research questions can still be drawn using European or German data. Additionally, by analyzing only German firms, the disadvantages of multi-state studies resulting from inequalities among different countries (e.g., different currencies and cultures) are eliminated and country-specific controls are therefore not required.



The **first paper**, which is a joint work with Nadine Ebert and Christoph Watrin, investigates the interaction between financial accounting income and taxable income. This paper analyzes the interface between these two statements.

The **second paper**, which is co-authored by Robert Ullmann and Christoph Watrin, focuses on the tax perspective by analyzing the effect of taxes on firms' location decisions. Whereas the previous literature mainly concentrates on income shifting via accounting decisions, this paper investigates whether firms also shift real business activities to reduce taxes.

The **third paper** adds a further perspective: the perception of the jurisdiction. By investigating how jurisdictions attract firms and whether firms react to the tax-induced activities of jurisdictions through location decisions, insights into questions that have not previously been addressed are gleaned



› Completed Dissertations

Base erosion and profit shifting (BEPS) refers to tax planning strategies that exploit gaps and mismatches in tax rules to shift profits artificially to low or no-

tax locations where there is little or no economic activity, resulting in little or no overall corporate tax being paid. BEPS is of major significance



Dr. Ulf von Manowski, born 1983 in Augsburg, graduated from the WFI – Ingolstadt School of Management in 2009 with majors in Finance, Accounting, Taxation, and Law. He spent an exchange year in Ireland in 2008/09 at the University College of Dublin and was a Visiting Ph.D. Student at the Virginia Polytechnic Institute and State University Blacksburg Virginia (USA) in 2012. In February 2014 he picked up work as a senior tax consultant for EY in Düsseldorf.

for developing countries due to their heavy reliance on corporate income tax, particularly from multinational enterprises (MNEs).

One aspect of the discussion is how double taxation can be avoided. On the one hand, there is the credit system, and, on the other hand, there is the exemption system. The United States is the only country among the industrial countries that avoids

double taxation with a foreign tax credit. Currently US politicians and researchers discuss a switch to an exemption system.

Ulf von Manowski's research explores in detail the economic consequences of the exemption and credit method. The main focus is to gain insight into the effects of a country changing from a credit system to an exemption system. The analysis covers the effective tax rate (ETR), deferred taxes and cash holdings.

› Publications

Eberhardt, David/Watrin, Christoph: Problembereiche der Anlegerbesteuerung bei Kapital-Investitionsgesellschaften, DB 2014, S. 795-801.

Eberhardt, David/Watrin, Christoph: Steuerliche Gestaltungsoptionen der Beendigung des unternehmerischen Engagements mittelständischer Unternehmer, WiSt 2014, S. 306-312.

Eberhardt, David/Watrin, Christoph: Anwendung der Kapitalverkehrsfreiheit im Bereich der internationalen Dividendenbesteuerung, BB 2014, S. 2967-2973.

Kubata, Adrian/Riegler, Fabian/Straßen, Laura: Zur Gewerblichkeit freiberuflich tätiger Personengesellschaften, DStR 2014, S. 1949-1955.

Riegler, Fabian/Riegler, Bernhard: Anmerkung zu BFH, Urteil vom 16. 10. 2013, VI R 57/11, IStR 2014, S. 231-232.

Riegler, Fabian/Riegler, Bernhard: Die steuerliche Berücksichtigung von Verlusten aus atypisch stillen Beteiligungen zwischen Kapitalgesellschaften, DStR 2014, S. 1031-1037.

Thomsen, Martin/Ebert, Nadine, Neuerungen beim Reverse-Charge Verfahren—Implikationen für die Praxis, Ubg 2014, S. 653-659.



The Journal of the American Taxation Association, Fall 2014, p. 55-89.

Book-Tax Conformity and Earnings Management: Insights from European One- and Two-Book Systems

Christoph Watrin, Nadine Ebert and Martin Thomsen

The paper investigates whether firms in one-book systems are associated with more or less earnings management in consolidated financial statements as compared to firms in two-book systems. The main distinction of this study is the inclusion and consideration of single financial statements, whose influence on earnings management in European consolidated statements has been underestimated in prior research.

In contrast to the U.S., where book-tax conformity is directly measured as the link between the consolidated statement and the tax statement, European book-tax conformity needs to consider an additional statement, the so-called single financial statement. Thus, a triangular relationship exists among the statements. The single financial statement and the tax statement are prepared on a single-entity level, whereas the consolidated financial statement is compiled at the group level. All of a corporate group's single financial statements thereby converge into the consolidated financial statement. Consolidated statements in Europe must use the International Financial Reporting Standards (IFRS) as their accounting standard. The tax statement can be based more or less on the single financial statement (book-tax conformity). Hence, the single financial statement – as the interface between the consolidated financial statement and the tax statement – has an important position within this system.

A U.S. one-book system is defined as a situation in which the consolidated financial statement is directly linked to the tax statement, meaning that financial accounting income and taxable income are reported in the same book and, thus, no discrepancies between these two statements are observable. In a comparable European one-book system, the single financial statement is directly linked to both the consolidated financial statement and the tax statement.

This situation arises when all statements use the same rules: IFRS is used as the accounting standard in the consolidated and single financial statements and the single financial statement highly conforms with the tax statement. Correspondingly, a European two-book system occurs when one “broken link” exists (i.e., either IFRS is not used in the single financial statement or there is low conformity between the single financial statement and the tax statement).

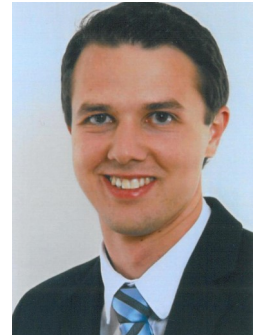
By developing and implementing a new measure for European book-tax conformity, we find that firms using a one-book system (i.e., the conflicting aims of tax planning and upward earnings management need to be harmonized) show more earnings management compared to firms using a two-book system (i.e., tax planning and earnings management can be considered separately). At first sight, this finding seems to be surprising and counterintuitive. However, upon further consideration, by conducting additional tests, we find that firms in a one book-system not only show more earnings management on both levels (i.e., on the consolidated level as well as the single-entity level) but also show more downward earnings management.

Compared to two-book systems, firms seem to be more willing to manage earnings downward in both the single financial statement as well as in the consolidated statement to reduce tax payments. This finding contributes to the ongoing debate regarding whether the U.S. should move from a two-book to a one-book system. This study indicates that introducing a one-book system in the U.S. could be associated with more downward earnings management in consolidated statements; therefore, it could be beneficial for the U.S. to switch from a two-book to a one-book system.

› New Ph.D. Students

Veit Hölzel was born in 1986. After his high school graduation in 2005, he began studying business administration at the University of Gießen with a focus on accounting, controlling and taxation. He finished his studies as Diplom-Kaufmann in 2011 and worked for an audit and tax consultancy firm in Bonn.

In December 2014, Veit joined the Team of the Dean's office. His main research interests are corporate tax and accounting.



Robert Leukefeld was born in Düsseldorf in 1989. Before graduating from high school in 2008, he spent one year as an exchange student in Georgetown, Kentucky (U.S.). Afterwards, he studied business administration at the University of Münster and spent one semester abroad at the Sino-German School at Tongji University in Shanghai, China. After earning a Bachelor's degree in 2012, Robert began his master's degree at the University of Münster, focusing on accounting and taxation. He spent another semester abroad at ICN Business School in Nancy, France, before graduating with a master's degree in September 2014. From 2012 until the end of his studies, he worked as a student assistant at the institute of accounting and auditing.

Robert joined the Institute team in October 2014. He is pursuing his Ph.D. in cooperation with KPMG.

Felix Knoll was born in Haselünne in 1990 and grew up in Haren (Ems), where he graduated from high school in 2009. He began his undergraduate studies in business sciences at the University of Osnabrück, where he finished his bachelor's degree in 2012. After doing half-year internships at an audit company and as CEO's assistant at a small machine-building corporation, he began his graduate studies with major in accounting at the University of Münster. He gained his master's degree with his thesis "The Estimation of Taxable Income from Financial Statements" in 2014.

Starting in October 2014, he has been part of the institute team while pursuing his Ph.D. in cooperation with HLB Dr. Klein, Dr. Mönstermann & Partner, Osnabrück.



Sven Tietz was born in Potsdam in 1988. After spending one year as an exchange student in Victoria, Texas (U.S.), Sven graduated from high school in 2008. He subsequently studied business administration at the University of Münster and earned a bachelor's degree in 2012 focusing on accounting and taxation. During a gap year, Sven gained practical experiences with internships in taxation and auditing companies. From October 2012 until September 2014, Sven took master courses in business administration at the University of Münster, graduating with a master's degree. While studying, Sven worked as a student assistant at the institute for several years.

Sven joined the Institute team in October 2014. He is pursuing his Ph.D. in cooperation with Curacon GmbH, a medium-sized auditing company.

Joint Seminar with the Institute for Tax Law at the University of Münster

For the first time, the Institute of Accounting and Taxation and the Institute for Tax Law at the University of Münster (Professor Englisch and Professor Krumm) held a joint **Ph.D. seminar**. On July 10th, the two teams gathered to discuss current research projects from an economic and legal perspective. David Eberhardt analyzed the problems of dividend tax-



tion for investment companies. Hanna Datzer of the Institute for Tax Law presented her research work on the attribution of taxation rights in case of taxpayers with several permanent establishments. Both presentations were followed by lively discussions that provided the authors with suggestions on how to improve the work. All three professors and their teams agreed that the seminar was very successful. They pointed out that, despite the differences in legal and economic research on taxation, there is a common basis for productive discussion. We are looking forward to the next joint seminar in 2015.

Summer Ph.D. Seminar on Empirical Tax Research

The 7th consecutive Ph.D. seminar on **Empirical Tax Research** was held at the Münster Institute of Accounting and Taxation. On July 2nd and 3rd 2014, students from several national and international universities took part in the seminar chaired by Professors Dhammika Dharmapala and Kevin Markle. This year's seminar papers were selected to cover research areas as base erosion and profit shifting, managers' effects on tax planning, corporate governance and tax planning, tax risk, the marginal investor, and cross-border M&A. Over two days and during six sessions, the Ph.D. students were asked to present one of the preselected papers. Each presentation was followed by a discussion with the audience and valuable comments from the two chairs. It was very interesting and inspiring to hear and learn from Professors Dhammika's and Markle's comments on the presented papers (many of which they themselves co-authored) and to learn about the academic publication process in leading accounting journals.

Past Summer Ph.D. Seminars on Accounting & Taxation

<i>Year</i>	<i>Guest Lecturers</i>
2008	Prof. Peter Frischmann <i>Idaho State University</i> Prof. Richard Startz <i>University of Washington, Seattle</i>
2009	Prof. Peter Frischmann <i>Idaho State University</i>
2010	Prof. Terry Shevlin Prof. Richard Startz <i>University of Washington, Seattle</i>
2011	Prof. Michelle Hanlon <i>MIT</i> Prof. Edward Maydew <i>University of North Carolina</i>
2012	Prof. Jennifer Blouin <i>University of Pennsylvania</i> Prof. John Robinson <i>University of Texas at Austin</i>
2013	Prof. Scott Dyreng <i>Duke University</i> Prof. Douglas Shackelford <i>University of North Carolina</i>
2014	Prof. Dhammika Dharmapala <i>University of Illinois</i> Prof. Kevin Markle <i>University of Iowa</i>

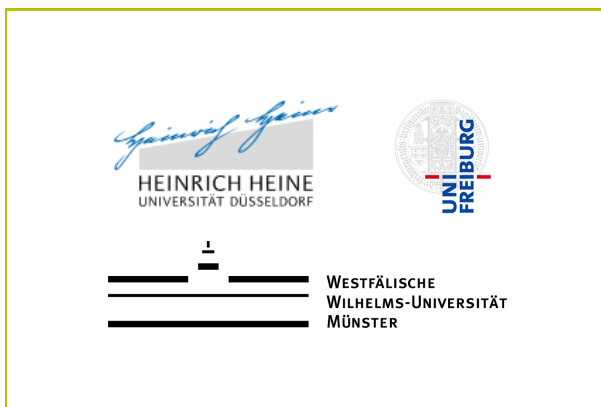
› Ph. D. Seminars

Ph. D. Seminar in Freiburg

Every year, the institutes of taxation from Freiburg, Düsseldorf and Münster arrange a Ph.D. Seminar together. This year, the meeting was held in Freiburg.

For two days (May 12th and 13th), several talks on different tax and accounting topics were on the agenda. David Eberhardt and Martin Thomsen gave talks on their current research questions and received helpful comments. In the evening, all participants met for dinner and had time to exchange ideas. It is always interesting to see how our colleagues from Freiburg and Düsseldorf are progressing on their research and operational projects.

The next Ph.D. Seminar will take place in 2015 in Münster. We are looking forward to this event.



Accounting Theory

This winter term's Ph.D. seminar on capital market-based accounting research was extended by an audit session and jointly held with Professor **Christiane Pott** from the TU University of Dortmund and Professor **Anna Gold** from the VU University of Amsterdam.

Both Ph.D. and master's students from the University of Münster and from the TU University of Dortmund participated in the seminar. A wide range of compelling research papers were presented and discussed by the participants. The capital market research sessions included traditional topics as well as topics of current interest, including tests of market efficiency with respect to accounting information, fundamental analysis, and value relevance of financial reporting information. The audit sessions covered topics such as benefits of audited disclosures to equity markets, gender discrimination in the audit profession as well as determinants and measurement of audit quality.

The seminar is designed to give students training in archival, microeconomics-based, empirical research at the intersection of accounting, audit, and finance. The course work helps students to develop the ability to understand, integrate, and conduct accounting research and trains their ability to critically evaluate current research projects in the mentioned areas.

The seminar participants particularly benefited from the exchange of insights with the two guest professors and gained valuable experience in conducting their own research projects.



Highlights of the Course Programm 2014 <

Seminar with WTS

This summer semester, the Institute of Accounting and Taxation and **WTS** held a joint seminar for the second time. WTS is a growing international consulting group with seven offices in Germany and a comprehensive international network. The seminar focused on issues in international financial tax. Steffen Gnutzmann and Robert Welzel, both partners with WTS, provided valuable insight into the work of a tax adviser for international asset management clients. The seminar was concluded by watching the first match of the 2014 soccer world cup when Germany beat Portugal 4-0. All in all, the seminar was very successful. We thank WTS and are looking forward to welcoming Mr. Gnutzmann and Mr. Welzel again next summer.



Robert Welzel



Steffen Gnutzmann

EY Lecture on BEPS



Tino Boller



Dominik Reeb



Ulf von Manowski

In the winter semester of 2014/2015, the international firm **EY** held a lecture on BEPS as part of the course “International Business Taxation.” Partner Tino Boller, and two associates first explained the phenomenon of base erosion and profit shifting (BEPS). The current OECD action plan was illustrated. The speakers then thoroughly analyzed the measures suggested by the OECD to combat BEPS while focusing on practical consequences. The audience had the chance to ask questions, resulting in a lively debate. The lecture was well received by the students.

Semester Opening <

Semester Openings and Honor of Students for their Outstanding Performance

Semester Opening No. 10 (May 8th) and No. 11 (November 5th) were held this year. As in previous years, we invited more than 100 students who were selected for their excellent academic performance. Also similar to previous years, **PWC Osnabrück** attended and supported our Semester Opening. Four representatives joined the event and fielded questions regarding internships, career opportunities and the daily business at their firm. Several students submitted their application documents to apply for an internship at PWC Osnabrück. Our Semester Opening was also an opportunity for students learn about being a Ph.D. student or a student assistant. The friendly atmosphere allowed for an informal meeting. Additionally, PWC and the institute honored students for their outstanding performance in tax accounting exams in such categories as “Principles of Corporate Taxation,” “Advanced Taxation,” and “International Taxation.”



› VT Summer School

Summer School with Virginia Tech

For the fourth time, the Institute of Accounting and Taxation organized a summer opportunity in cooperation with the Virginia Polytechnic Institute and State University in Blacksburg, Virginia (**Virginia Tech**).



This year, 38 American students participated in the program. Professor Debra Salvador and Jason Malone from Virginia Tech held classes in accounting and business law. Many of the American students were kindly hosted by students from Münster. This offered them the chance to learn about German culture. The German students learned a great deal about American culture and were able to improve their English language skills.

In addition, the American students attended the course “Business and Intercultural Communication,” held by Hugo van Bremen, along with German students. The students debated cultural differences and similarities between Americans and Germans. The class was enriched by guest lectures by the entrepreneur Jens Röttgering (Hengst) and Christian Leupold (Thyssen Krupp Industrial Solutions). Moreover, a German language course was offered to improve the students’ language skills.

The visiting students went on two business trips to learn more about German industries and production processes. As in previous years, the students visited the Mercedes manufacturing site in Bremen and Meyer



Werft in Papenburg. The second business trip took the visitors to CLAAS in Harsewinkel near Münster where they gained insights in the company’s accounting department. On the weekends, the visiting students traveled throughout Germany and Europe. Favored destinations were major European cities such as Berlin, Barcelona and Prague. Münster student representatives graciously organized a scavenger hunt and a pub crawl which provided insight into Münster student life. The goodbye event this year coincided with the soccer World Cup match of the U.S. vs. Germany. Both American and German students had a great time watching the match.



We are looking forward to welcome Virginia Tech students for the fourth Summer School in 2015!

For more information visit
<http://www.international.pamplin.vt.edu/studyabroad/acis-muenster/>



Pamplin College of Business



**Münster School of
Business and Economics**
Institute of Accounting
and Taxation



International Operations Simulation (INTOP)

The Institute of Accounting and Taxation continues to provide selected bachelor's and master's students with the unique opportunity to enhance their understanding of the problems of multinational companies within the business game “**INTOP**,” the original version of which was developed at the University of Chicago in the 1960s. The complex game integrates a large number of factors in the functional areas of marketing, production, investment, finance, research and development, accounting, taxation and controlling. Within each of several competing groups, the students are also confronted with the task of efficiently organizing their managerial teamwork in order to find a common basis for their decisions.

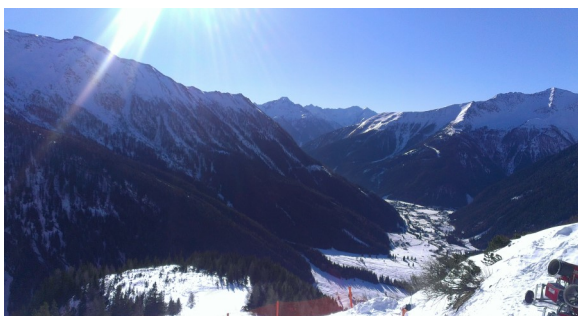
The winter semester INTOP seminar included a ski trip to Mallnitz, Austria. The first evening and the first day were mainly devoted to get to know each other. We had a nice skiing day on the nearby Anko-

gel. Afterwards Deloitte presented the “Young Professional Story”. They invited us to a nightly snow hike during which the participants had many opportunities to exchange with the Deloitte team and to ask questions about career opportunities. The evening ended with a pub visit.

On Monday we started with the seminar. Students had to spend long hours thinking about the purchase of raw materials, the building of factories and the choice of sales prices. In the morning the students had time for skiing at the Ankogel and a nearby glacier.

The INTOP seminar was once again one of the best evaluated courses. A large part of this success is due to Deloitte, represented by Mr. Norbert Graetz and his team.

Deloitte.



› CEAT

Circle of Excellence in Accounting and Taxation – CEAT

The **Circle of Excellence** in Accounting and Taxation is the support and network program of the institute. Students with excellent academic qualifications, especially in the area of accounting and taxation, can apply to this program. However, we look beyond academic qualifications. Given the nature of tax and accounting work, we look for well-rounded, goal-oriented individuals with the highest level of integrity.

This year we started the program with 25 students. The kick-off event took place in April. We invited several alumni of the Institute of Accounting and Taxation to discuss their career entry after finishing their Ph.D. program.

We also organized a factory tour to **CLAAS**, a family business, founded in 1913, that is one of the world's



leading manufacturers of agricultural engineering equipment. It was fascinating to learn how these large tractors and for-

age harvesters are developed and produced. We also enjoyed interesting talks about employment opportunities and a lecture on taxing problems, especially transfer pricing, within the CLAAS group.

Furthermore, EY came to the University of Münster in October to talk about base erosion and profit shifting. Finally,

in December, the members of the CEAT support and network program visited the Christmas mar-



ket in Münster. After some cups of mulled wine, the students felt well-prepared for the upcoming exams.

› Research Center

Research Center Business and Taxes

In 2014, the interdisciplinary Research Center Business and Taxes (Forschungsstelle Unternehmen und Steuern), which was co-founded by professors of the Business and Law School, held its fourth meeting. On July 17th, academics and interested parties from economics, business administration, and law gathered in Münster for the occasion. The topic was “Base Erosion and Profit Shifting.” Four notable researchers from universities throughout Germany analyzed this current topic from the perspective of their respective research field.

4th Symposium of the Research Center

International Profit Shifting and BEPS-Countermeasures

Prof. Dr. Andreas Oestreicher
University of Göttingen

Concepts of Economic Competition and the Proposed Amendment of the Parent-Subsidiary Directive

Prof. Dr. Marc Desens
University of Leipzig

Base Erosion and Profit Shifting: the Public Finance Perspective

Prof. Dr. Alfons Weichenrieder
University of Frankfurt

Limitations of the Tax Competition and EU Patent Boxes

Dr. Matthias Valta
University of Heidelberg



JurGrad  School of Tax and Business Law

Accounting School Bochum Münster <

Part-Time Master Program in Accounting and Auditing

The newly founded Accounting School Bochum Münster (ASBM) offers a new part-time master's program which allows to take a part of the CPA exam at the university. The program is jointly offered with the Ruhr University of Bochum. During the fall Prof. Watrin and Dr. Thomsen gave a class on German corporate income and trade tax. The course discussed topics like the hidden distributions of profits or the calculation of trade tax income.



Sponsoring Partners <

We appreciate the generous support from our partners:



› Wiwi Cup



The school's traditional soccer tournament called "**Wiwi Cup**" took place on a beautiful and sunny spring day. The Institute of Accounting and Taxation was represented by its famous soccer team "**Sportfreunde Steuern.**" Because of last year's miserable performance – Sportfreunde Steuern was ranked last in the tournament – a lot of pressure was put on the team to succeed. Hence, the team began practicing early. Through strategic acquisitions of players filling formerly weakly occupied positions, the team was significantly strengthened. In addition, the team also focused on a tactical realignment of the match strategy as well as an extensive observation of rival teams.

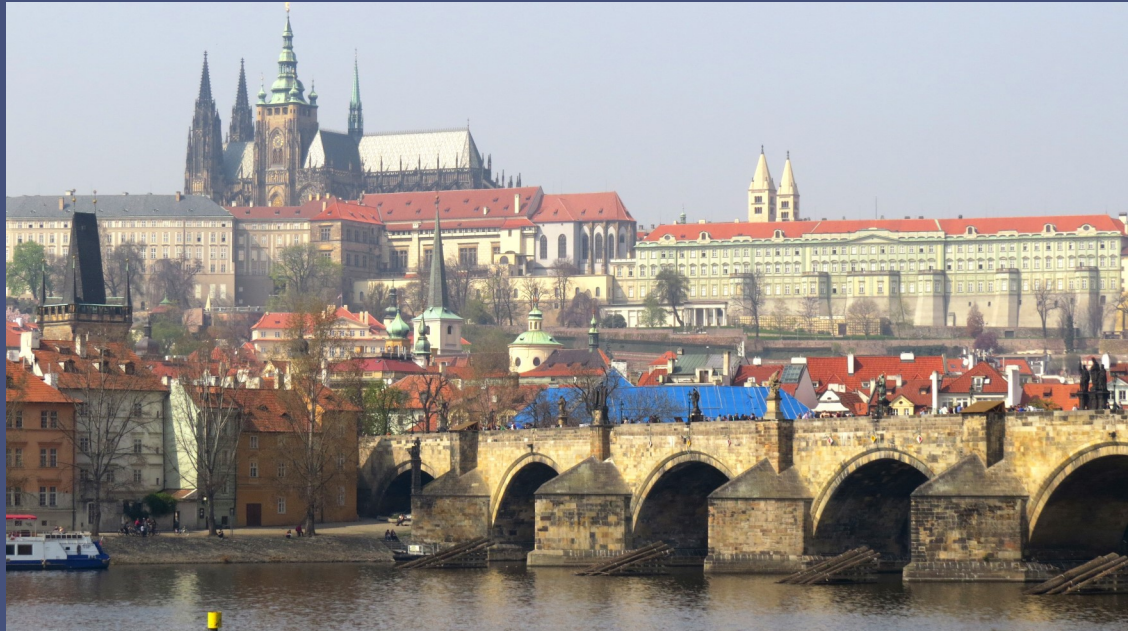
Well prepared and highly motivated, the team won the first group match against a vastly inferior opponent. Following an energy-sapping draw against last year's tournament winner "FC Börselona," Sportfreunde Steuern successfully made it to the next

round. The whole team was highly motivated and excited, perhaps too much so. A victory seemed to be well within Sportfreunde Steuern's reach and the expectations were pitched too high. And so the inevitable happened: The second round turned out to be a flop and the team was eliminated from the tournament after a devastating defeat against the team "FC Internazionale" from the Chair of International Accounting. The tactics discussed in advance regarding a powerful defense in combination with targeted and successful counterattacks did not work out well. After already facing strong teams and losing power in the previous matches, the team of Sportfreunde Steuern simply lacked enough power to defeat their opponent.

The "Alumni Allstars" won this year's WiWi Cup. There is no doubt that in 2015, the Cup will certainly find its way to the Institute of Accounting and Taxation.

› Impressions





See you in Prague 2015

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