

Economics 403 (L01) Public Sector Economics: Taxation

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Lecture Location: SA 121
Lecture Days/Time: TR 09:30 – 10:45

Office: SS 450
Office Hours: TR 11:00 – 12:00

Fall 2019

Course Description:

This course emphasizes the basic tools that economists employ to evaluate and determine the effects of taxes. Particular attention is paid to tax fairness and to the incentive effects of taxation on behavior such as the effect on labour supply, saving, investment, and tax evasion among others. Each segment of the course consists of institutional facts and the development of the economic theory required to understand the issues, followed by a summary of the relevant empirical evidence.

Course Outcomes:

- (a) Understand and appreciate the history and rationale of tax systems in developed countries.
- (b) Familiarity with the institutions and rules surrounding different taxes in Canada. Examples include:
 - Payroll taxes
 - Personal income taxes
 - Value-added taxes
 - Corporate income taxes
- (c) Understand and appreciate key principles, theories and ideas in the economics of taxation literature including:
 - The economic theory of tax evasion and tax enforcement
 - The determinants of who bears the economic burden of a tax
 - The key factors that drive the efficiency cost of taxes
 - The optimal design of taxes that balance equity and efficiency considerations, including optimal income taxes and optimal commodity taxes.
- (d) Know and understand the key findings in the empirical literature that studies the behavioural effects of taxes.
- (e) Be able to analyse and critique current policy proposals in the area of taxation using theoretical and empirical tools developed in class.

(f) Develop skills necessary to conduct research. This includes (i) learning how to come up with a research question, (ii) finding suitable data for empirical research questions, and (iii) conducting a statistical analysis of the data.

Course Outline:

A more detailed list of topics and readings will be provided at the beginning of the course. Broad topics covered will include:

1. A mathematical review of microeconomic theory and welfare economics.
2. Tax Incidence.
3. Efficiency costs of taxation.
4. Optimal commodity taxation.
5. Taxation and labour supply.
6. Optimal income taxation.
7. Taxation and savings and investment.

Prerequisites/corequisites:

Econ 357.

Required Textbook(s):

None.

Recommended Textbook(s):

Rosen, Wen and Snodden, *Public Finance in Canada*, 5th ed. McGraw-Hill.

I will not rely explicitly on this textbook, however you may find it useful for institutional background and as a complement to more technical material covered in class.

Books on Reserve:

None.

A Heads Up:

This course takes the prerequisites seriously. It is my belief that a *senior* field course in economics should be taught at a technical level that allows students to understand the relevant research in the field. In particular, a solid understanding of intermediate microeconomic theory (Econ 357) is required. Calculus will be employed throughout the course. I will review the appropriate techniques as necessary. Given the technical nature of the course some (approximately half) of the questions for exams will be provided ahead of the exam. If you are not comfortable with the technical nature of the material you should reconsider taking this course.

Desire2Learn:

This course will make use of the Desire2Learn (D2L) platform. Students who are registered in the course can log on at <http://d2l.ucalgary.ca> through their student centre. Please note that D2L features a class e-mail list that may be used to distribute course-related information. These e-mails go to your University of Calgary e-mail addresses only.

Grade Determination and Final Examination Details:

MIDTERM EXAM	20%
FINAL EXAMINATION	35%
ASSIGNMENTS/SHORT PAPER	45%
	100%

The official grading system will be used. See <http://www.ucalgary.ca/pubs/calendar/current/f-1-1.html>. A passing grade on any particular component of the course is not required for a student to pass the course as a whole.

If a student's letter grade on the final exam exceeds their midterm letter grade, the weight of the midterm will be transferred to the final exam. For this to happen, the student must have written the midterm or provided supporting documentation for the absence such as a medical note or statutory declaration.

As per the Writing Across the Curriculum Statement in the Calendar, writing and grading thereof will be a factor in the evaluation of student work. See <https://www.ucalgary.ca/pubs/calendar/current/e-2.html>.

Any student work which remains undistributed after the last day of classes will be available to students through the instructor's office during the instructor's office hours.

The final examination will be comprehensive, scheduled by the Registrar, held in a classroom, and last 2 hours. If a student cannot write their final exam on the date assigned by the Registrar's Office, they need to apply for a deferred exam www.ucalgary.ca/registrar/exams/deferred_final. Under no circumstance will this be accommodated by the Department.

Tests and exams will not involve multiple choice questions.

Programmable calculators, cellphones, textbooks, course notes, and other electronic devices will not be allowed during the writing of tests or final examinations. Students are reminded that simply being able to access their cellphone during an exam is academic misconduct.

The exact date of the midterm will be announced at least one week in advance.

THERE WILL BE NO MAKEUP OR DEFERRED QUIZZES/TESTS/EXAMS under any circumstances, nor may the quizzes/tests/exams be written early. Students unable to write the quizzes/tests/exams because of documented illness, family emergency, religious observance, or university-sanctioned event will have the weight shifted to the final examination; otherwise a grade of zero will be assigned.

Reappraisal of Grades and Intellectual Honesty:

For reappraisal of graded term work, see Calendar I.2

<http://www.ucalgary.ca/pubs/calendar/current/i-2.html>

For reappraisal of final grade, see Calendar I.3

<http://www.ucalgary.ca/pubs/calendar/current/i-3.html>

Statement of Intellectual Dishonesty, see Calendar K.4

<http://www.ucalgary.ca/pubs/calendar/current/k-4.html>

Plagiarism and Other Academic Misconduct, see Calendar K.5

<http://www.ucalgary.ca/pubs/calendar/current/k-5.html>

Academic Accommodations:

Students seeking an accommodation based on disability or medical concerns should contact Student Accessibility Services; SAS will process the request and issue letters of accommodation to instructors. Students who require an accommodation in relation to their coursework based on a protected ground other than disability should communicate this need in writing to their Instructor. The full policy on Student Accommodations is available at <http://www.ucalgary.ca/policies/files/policies/student-accommodation-policy.pdf>.

Freedom of Information and Protection of Privacy (FOIP) Act:

Personal information is collected in accordance with FOIP. Assignments can only be returned to the student and will be accessible only to authorized faculty and staff. For more information, see <http://www.ucalgary.ca/legalservices/files/legalservices/faq-students.pdf> and http://www.ucalgary.ca/legalservices/files/legalservices/faq-faculty_0.pdf.

Internet and Electronic Communication Device information:

The use of cell phones for any purpose in class is prohibited. Computers and tablets may be used for note taking only unless otherwise authorized by the instructor.

Copyright Legislation:

See the University of Calgary policy on Acceptable Use of Material Protected by Copyright at www.ucalgary.ca/policies/files/policies/acceptable-use-of-material-protected-by-copyright.pdf. Students who use material protected by copyright in violation of this policy may be disciplined under the Non-Academic Misconduct Policy.

Important Dates:

Please check: <http://www.ucalgary.ca/pubs/calendar/current/academic-schedule.html>

Student Organizations:

Faculty of Arts Students' Association (F.A.S.A.):

Economics Department Representative

Office: SS 803, E-mail: econrep@fasaucalgary.ca and Web: www.fasaucalgary.ca.

Society of Undergraduates in Economics:

<https://www.ucalgarysue.com/>.

Society of Undergraduates in Economics is a student run organization whose main purpose is to assist undergraduate economics students to succeed both academically and socially at the University of Calgary. Services include access to the exam bank, career events such as Industry Night and information sessions, mentorship programs, and social events for members. They invite you to join by contacting SUE at societyofundergradsineconomics@gmail.com.

Faculty of Arts Program Advising and Student Information Resources:

- Have a question, but not sure where to start? The Arts Students' Centre is your information resource for everything in Arts! Drop in at SS102, call them at 403-220-3580, or email them at artsads@ucalgary.ca. You can also visit the Faculty of Arts website at

<http://arts.ucalgary.ca/undergraduate>, which has detailed information on common academic concerns, including program planning and advice.

- For registration (add/drop/swap), paying fees and assistance with your Student Centre, contact Enrolment Services at 403-210-ROCK [7625] or visit them in the MacKimmie Library Block.

Student Support and Resources:

- See <https://www.ucalgary.ca/registrar/registration/course-outlines> for information on campus mental health resources, the Student Ombuds' Office, Student Success Centre, Safewalk, and Emergency Evacuation and Assembly.
- Online writing resources are available at <https://ucalgary.ca/student-services/student-success/writing-support>.

Notes:

1. Students are responsible for all assigned material, e.g., supplementary material posted on D2L, regardless of whether or not the material was covered in class.

KJM
2019-08-19