

Economics 403 (L01) Public Sector Economics: Taxation

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Lecture Location: SS 113
Lecture Days/Time: TR 09:30 – 10:45

Office: SS 450
Office Hours: Zoom T 11:00 – 12:00

Winter 2022

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 Learning 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%
	<hr/>
	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, some of the weight of the midterm may 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>.

Course material dealing with a particular assignment will typically be covered in class at least 7 days before the assignment is due; thus, assignments can be completed at any time up to and including the due date. Given these factors, only situations where someone can document illness or domestic affliction for an extended period (i.e., the entire 7 days prior to the due date) would possibly warrant shifting the assignment weight to the final exam. Furthermore, technical problems can be expected to occur with computer systems (and internet availability) so it may be a good idea to not wait until the last minute to submit your assignment.

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 midterm exam will be held on Thursday February 17. Due to the fact that the university is online until February 28 it is a timed exam that will be available on D2L at the beginning of class at 9:30 AM and will be available for 24 hours. When you access the exam, you will have 1.5 hours to complete and submit it via Dropbox in D2L. If you experience an issue that affects your ability to complete the exam, which can include (but is not limited to) issues with technology, caregiving responsibilities, or

distractions within your test-taking environment, you will need to contact your instructor as soon as possible to arrange an alternate or (in the case of technical issues) extended time to write the exam.

Otherwise THERE WILL BE NO MAKEUP OR DEFERRED QUIZZES/TESTS/EXAMS, 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:

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>

Academic Misconduct:

Academic Misconduct refers to student behavior that compromises proper assessment of students' academic activities and includes: cheating; fabrication; falsification; plagiarism; unauthorized assistance; failure to comply with an instructor's expectations regarding conduct required of students completing academic assessments in their courses; and failure to comply with exam regulations applied by the Registrar.

Student committing academic misconduct during the final exam will not receive a passing grade for the course.

For information on the Student Academic Misconduct Policy, Procedure and Academic Integrity, please visit: <https://www.ucalgary.ca/pubs/calendar/current/k-3.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

<https://www.ucalgary.ca/legal-services/university-policies-procedures/accommodation-students-disabilities-procedure>

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 <https://www.ucalgary.ca/legal-services/access-information-privacy>

Copyright Legislation:

See the University of Calgary policy on Acceptable Use of Material Protected by Copyright at <https://www.ucalgary.ca/legal-services/university-policies-procedures/acceptable-use-material-protected-copyright-policy> Students who use material protected by copyright in violation of this policy may be disciplined under the Non-Academic Misconduct Policy.

Course materials created by instructors (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the instructor. These materials may NOT be reproduced, redistributed or copied without the explicit consent of the instructor. The posting of course

materials to third party websites such as note-sharing sites without permission is prohibited. Sharing of extracts of these course materials with other students enrolled in the course at the same time may be allowed under fair dealing.

Recording of Lectures:

Recording of lectures is prohibited, except for audio recordings authorized as an accommodation by SAS or an audio recording for individual private study and only with the written permission of the instructor. Any unauthorized electronic or mechanical recording of lectures, their transcription, copying, or distribution, constitutes academic misconduct. See <https://www.ucalgary.ca/pubs/calendar/current/e-6.html>.

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
E-mail: econrep@fasaucalgary.ca
Website: 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 Tower.

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

2021-12-06