

School of Accounting and Commercial Law

**ACCY 410: ADVANCED TAXATION**

Trimester Two 2011

**COURSE OUTLINE**

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**Course facilitators**

|                       |  |                               |          |
|-----------------------|--|-------------------------------|----------|
| Associate Professor:  | David White  | RH 703                        | 463-5705 |
|                       | <a href="mailto:David.White@vuw.ac.nz">David.White@vuw.ac.nz</a>   |                               |          |
|                       | Office Hours:  | Tuesday 1.00pm-3.00pm.        |          |
| Professor:            | John Creedy  | RH 610                        | 463-7422 |
|                       | <a href="mailto:John.Creedy@vuw.ac.nz">John.Creedy@vuw.ac.nz</a>   |                               |          |
|                       | Office Hours – TBC   |                               |          |
| Course Administrator: | Rebekah Sage   | RH708                         | 463-7465 |
|                       | <a href="mailto:Rebekah.Sage@vuw.ac.nz">Rebekah.Sage@vuw.ac.nz</a> |                               |          |
|                       | Office hours:  | Monday-Friday 8.30am-5pm      |          |
|                       | Office is closed:  | 10.30-10.45am and 3.30-3.45pm |          |

**Class Times and Room Numbers**

Wednesday 1.40pm – 4.30pm RH MZ04

**Trimester Dates:**

- Teaching Period: Monday 11 July – Friday 14 October
- Study Period: Monday 17 October – Thursday 20 October
- Examination Period: Friday 21 October – Saturday 12 November (inclusive)

**Withdrawal from Courses:**

1. Your fees will be refunded if you withdraw from this course on or before 22 July 2011.
2. The standard last date for withdrawal from this course is 23 September 2011. After this date, students forced to withdraw by circumstances beyond their control must apply for permission on an ‘*Application for Associate Dean’s Permission to Withdraw Late*’ including supporting documentation

The application form is available from either of the Faculty’s Student Customer Service Desks.

## **Course Content**

The New Zealand general election in November this year is likely to feature very different visions and policies for the New Zealand tax system. Students who take this course will be introduced to tax policy issues in New Zealand and tax policy concepts. They will then research a current tax policy issue of their choice. The course content of the second half of the course will depend on the number of students enrolled in the course and the student's choice of research topics. A list of some of the possible topics is contained at the end of this Course Outline.

## **Course Objectives**

By the end of the course, students should be able to:

1. Understand and explain some of the major issues currently facing the New Zealand tax system;
2. Understand and critically evaluate the key concepts in tax policy;
3. Apply tax policy criteria in evaluating the arguments for and against a current tax policy proposal;
4. Understand the links between tax policy and wider economic and social policy;
5. Undertake independent research on a tax policy topic of their choice and:
  - a. Present and defend their research findings in a seminar; and
  - b. Write a concise research paper that identifies, discusses and critically evaluates a tax policy issue.

## **Course Delivery**

The course will be divided into two parts. In the first half of the course, the two facilitators will first introduce some current tax policy issues in New Zealand and tax policy concepts. Students will be given readings for each class and will be expected to come to class prepared to discuss issues. The facilitators will then each present a piece of their own tax policy research.

After the mid-trimester break, the second half of the course will be delivered through student presentations on the student research topics.

## **Expected Workload**

In addition to scheduled class times, it is expected that students on average will spend about 10 hours per week reading, studying, preparing for presentations and writing their research paper.

## **Course Material**

Recent reviews of the tax systems in New Zealand, Australia and the United Kingdom provide extensive materials for researchers. The preparatory materials and reports are all available online:

- The New Zealand tax system – <http://www.victoria.ac.nz/sacl/cagtr/twg/>
- The Australian tax system – <http://taxreview.treasury.gov.au/>
- The United Kingdom tax system - <http://www.ifs.org.uk/mirrleesReview>

In addition, the facilitators, who have been involved in several of these reviews, have research materials and evaluations of these tax reviews that they can make available to class members.

## Materials and Equipment

There is no special equipment or other materials required to study in this course. Students are expected to have access to computing facilities so that all work submitted for assessment is typed.

## Assessment Requirements

The course assessment is comprised as follows:

| Assessment item   | % of total assessment |
|---|-----------------------|
| Seminar presentation  | 30                    |
| Class participation and bullet point papers prepared for other students' seminars | 20                    |
| Research paper  | 50                    |
| <b>Total</b>  | <b>100</b>            |

*Note: Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of FCA programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.*

## Examinations

There is no final exam in this course.

## Group Work

While students are welcome to discuss course issues between themselves, there is NO group assessment of any kind. Any material subjected for assessment **MUST BE** the student's own work.

## Research Process

This course will break the research process up into 4 steps to ensure that students get ongoing feedback as they undertake their research project:

1. Research proposal – By 1.30pm on Wednesday 3 August, each student will provide a 2-3 page proposal on the tax policy issue they plan to research and the resource material they plan to use, including a bibliography. The facilitators will provide comments to each student on the research proposals by telephone or email by 5pm on Friday 5 August.
2. Seminar presentation paper – Each student will write their seminar presentation paper on the chosen tax policy issue and circulate it a week before presentation. At the same time, the student seminar presenter will also identify and email or circulate one key article on their research topic to all the other students and the two facilitators. In the week before the presentation, the other students will read the seminar paper and article, and prepare 1-2 pages of dot points identifying questions and issues on the topic.
3. Seminar presentation – Each student will give their seminar presentation during the second 6 weeks of the course. At each seminar, the other students will give one copy of their 1-2 pages of dot points identifying questions and issues on the topic to the facilitators for marking and one copy to the student seminar presenter.

4. Research paper – With the benefit of comments from the facilitators, the student dot-point papers and the presentation experience, students will write their final research paper and submit it on 26 October.

Students should be thinking about the possibility of submitting an article to a journal, based upon the research they do in this course. We know that the editors of the *New Zealand Journal of Taxation Law and Policy* are always looking for well-researched articles.

### **Seminar Presentation**

Each student can run their presentation how they like and use what teaching aids they consider suitable. Students have a great incentive to foster robust debate on their topic and to take a full part in others' seminars. Both the presenter and the participants get credit for their efforts. Students are encouraged to be creative and to support others' efforts.

Students could, for instance, set up part or all of their seminar presentation as:

- A hearing of the tax policy issue by Parliament's Finance and Expenditure Committee (with some members of the class representing MPs from different political parties on the committee and other members of the class asked to make short submissions to the Committee on the basis of their dot point papers on the topic)
- A meeting between the Minister of Finance, other Ministers, officials and private sector representatives (with other members of the class being the Ministers, officials from designated departments or private sector lobbyists)
- A briefing for a private client or a trade association on the tax policy issue
- An interdepartmental coordination meeting on a tax policy issue between Treasury, Inland Revenue and a line department (for instance, the Ministry of Health on the issue of tax breaks for medical insurance)
- A roundtable discussion of the advantages and disadvantages of different solutions to a tax policy issue.

The facilitators will prepare some written comments on a student's seminar presentation.

### **Class participation and bullet point papers prepared for other students' seminars**

Twenty percent of the final course grade will be awarded for active participation in the class sessions during the seminar presentations and the quality of the dot points identifying questions and issues on the topic. The purpose of this is to reward students who contribute constructively to the discussion of other student's papers and to the quality of other student's research.

We shall keep a running record of student contributions in each class. If students are having difficulty participating in this way, they *should come and see us as early as possible in the course*. Remember, too, that it is quality rather than quantity of contribution that counts.

We will especially be looking for evidence that students have carefully read the seminar papers and materials and have thought about the issues they raise:

- Engaging their colleagues, making openings for others to come into the discussion, developing creatively others' ideas – these are all positives;
- Dominating, being condescending, cutting others off – these are negatives - and if such conduct is ongoing, we will address it.

**Research time**

In order to facilitate students researching their tax policy topics and preparing their presentations, no class sessions will be held in weeks 4 and 5. Both David and John will, however, be available for consultation as required in guiding students in their research.

**Research Paper**

Each research paper should not exceed 4000 words (plus an abstract and a bibliography).

Research papers are due to be handed into the School Office by 12.00 noon on 26 October 2011. In fairness to all students who submit their work on time, penalties will be applied to all papers that are submitted after the due date.

Papers will be returned to students by 5.00pm on 11 November 2011 (they will be available from the School Office).

**Penalties**

It is expected that students will meet the deadlines set in this course. A penalty of one percentage point per day for lateness will be deducted if the research paper is up to one week late. After that, no mark will be attached to that work. Marks will also be deducted for exceeding the word limit on the research paper.

**Class Representative**

A class representative will be elected in the first class, and that person's name and contact details will be available to VUWSA, the Course Coordinator and the class. The class representative provides a communication channel to liaise with the Course Coordinator on behalf of students.

**Mandatory Course Requirements**

In order to pass this course, students are required to obtain at least fifty percent of the overall course marks available. This means students must actively participate in all aspects of the course.

**Communication of Additional Information**

Communication between students and facilitators will be by email.

**Use of Turnitin**

Student work provided for assessment in this course may be checked for academic integrity by the electronic search engine <http://www.turnitin.com>. Turnitin is an on-line plagiarism prevention tool which compares submitted work with a very large database of existing material. At the discretion of the Head of School, handwritten work may be copy-typed by the School and subject to checking by Turnitin. Turnitin will retain a copy of submitted materials on behalf of the University for detection of future plagiarism, but access to the full text of submissions will not be made available to any other party.

**For the following important information follow the links provided:**

**Academic Integrity and Plagiarism**

<http://www.victoria.ac.nz/home/study/plagiarism.aspx>

**General University Policies and Statutes**

Find key dates, explanations of grades and other useful information at

[www.victoria.ac.nz/home/study](http://www.victoria.ac.nz/home/study)

Find out about academic progress and restricted enrolment at

<http://www.victoria.ac.nz/home/study/academic-progress.aspx>

The University's statutes and policies are available at [www.victoria.ac.nz/home/about/policy](http://www.victoria.ac.nz/home/about/policy),

except qualification statutes, which are available via the Calendar webpage at

<http://www.victoria.ac.nz/home/study/calendar.aspx> (See Section C).

Further information about the University's academic processes can be found on the website of the Assistant Vice-Chancellor (Academic) at

[www.victoria.ac.nz/home/about\\_victoria/avcacademic/default.aspx](http://www.victoria.ac.nz/home/about_victoria/avcacademic/default.aspx)

**AVC (Academic) Website: information including: Conduct, Academic Grievances, Students with Impairments, Student Support**

[http://www.victoria.ac.nz/home/about\\_victoria/avcacademic/Publications.aspx](http://www.victoria.ac.nz/home/about_victoria/avcacademic/Publications.aspx)

**Faculty of Commerce and Administration Offices**

<http://www.victoria.ac.nz/fca/studenthelp/>

**Manaaki Pihipihinga Programme**

[http://www.victoria.ac.nz/st\\_services/mentoring/](http://www.victoria.ac.nz/st_services/mentoring/)

### Session Schedule – ACCY 410 - Trimester 2 2011

| Week |                         | Content  | Facilitator   |
|------|-------------------------|--|---|
| No   | Date                    |  |   |
| 1    | 13 July                 | Outline and expectations of the course<br>Distribution and brief discussion of possible research topics  | David White & John Creedy   |
| 2    | 20 July                 | Introduction to tax policy issues in New Zealand   | David White & John Creedy   |
| 3    | 27 July                 | Introduction to tax policy concepts and criteria   | David White & John Creedy   |
| 4    | 3 August                | Facilitators give 2 examples of tax policy research<br>Students provide 2-3 page research proposal   | David White & John Creedy   |
| 5    | 10 August               | Facilitators provide comments on student research proposals<br>No classes – time for students to research their topics and prepare their presentations | David White & John Creedy available for consultation as required. |
| 6    | 17 August               | No class– time for students to research their topics and prepare their presentations   |   |
|      | 22 August - 4 September | Mid-trimester break  |   |
| 7    | 7 September             | Student seminar presentation   | David White & John Creedy   |
| 8    | 14 September            | Student seminar presentation   | David White & John Creedy   |
| 9    | 21 September            | Student seminar presentation   | David White & John Creedy   |
| 10   | 28 September            | Student seminar presentation   | David White & John Creedy   |
| 11   | 5 October               | Student seminar presentation   | David White & John Creedy   |
| 12   | 12 October              | Student seminar presentation   | David White & John Creedy   |

## Some possible tax policy research topics

1. New Zealand is often praised by public finance economists for having a broad-based GST which includes food. Yet some people continue to support the exemption of food on distributional grounds. Examine the arguments on both sides of this debate.
2. New Zealand has recently seen an increase in the GST rate, accompanied by a reduction in income tax rates. What arguments are used to justify this change in the tax mix?
3. New Zealand is unusual in a negligible capital gains tax. Examine the arguments in favour of such a tax and consider implementation problems which might arise.
4. There is no tax-free threshold in New Zealand. This contrasts with many countries which have either a tax-free threshold or an equivalent system of personal allowances. Can a case be made for the introduction of a tax-free threshold?
5. New Zealand, like many countries with extensive social transfers, relies on means testing, rather than providing a fixed level of transfer payments for various contingencies. Means testing is said to provide high target efficiency compared with universal benefits, while at the same time creating high effective marginal tax rates for benefit recipients. Examine the arguments for and against means testing.
6. Since 1 July 2010, New Zealand has had an emissions trading scheme. From 1 July 2012, the Australian Government proposes that a carbon tax will operate in Australia. Examine the arguments for and against such environmental taxes.
7. Is the New Zealand tax policy and tax lawmaking process delivering the best possible policy outcomes? How is the 'generic tax policy process' (GTPP), first developed in 1995, currently working? To what extent is there a need for independent tax policy analysis, such as that provided by the New Zealand Tax Working Group, Australian Henry Review and the UK Mirrlees Review?
8. Should New Zealand eliminate excise taxes on alcohol, tobacco, and petrol and increase GST to raise the equivalent amount of revenue? Examine the arguments for and against this tax switch away from excise taxes.
9. Should New Zealand tax gambling winnings? Examine the arguments for and against this tax proposal.
10. Should New Zealand tax owner-occupied housing in addition to local bodies charging rates on such housing? Examine the arguments on both sides of this debate.
11. Should New Zealand raise the age of entitlement for New Zealand Superannuation from 65 to 67 years old? Examine the arguments for and against this proposal.
12. Should New Zealand assess income tax on family or individual units? Examine the arguments on both sides of this debate.
13. Other topics of your choice approved by the facilitators.



## ASSESSMENT SCHEDULES

Researcher: \_\_\_\_\_

Research topic: \_\_\_\_\_

### 1. PRESENTATION OF RESEARCH TOPIC

| Component  | Researcher |
|--|------------|
| Underlying research and understanding of the topic             | 10         |
| Presentation (including visual aids)                           | 12         |
| Ability to respond to questions and stimulate class discussion | 8          |
| <b>TOTAL</b>   | <b>30%</b> |

### 2. RESEARCH PAPER

| Assessment area  | Mark       |
|--|------------|
| Objective(s) of the Paper – stated & met   | 5          |
| Research: <ul style="list-style-type: none"><li>- Coverage of relevant literature</li><li>- Analysis/synthesis of the literature</li><li>- Data collection</li></ul> | 25         |
| Logical development of the paper   | 10         |
| Conclusions/your opinion, in particular whether they flow from the paper   | 5          |
| Referencing and general presentation of the paper  | 5          |
| <b>TOTAL</b>   | <b>50%</b> |

Class participation **10%**

Bullet point papers **10%**