

**University of Waterloo**  
**Department of Economics**  
**ECON 442-001**  
**Economics of Taxation**  
**Spring 2016**  
**MW 8:30-9:50 EV3-4408**

**Instructor and T.A. Information**

Instructor: Trien Nguyen  
Office: HH 202  
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Email: [nguyen@uwaterloo.ca](mailto:nguyen@uwaterloo.ca)  
T.A.: there is no T.A. for this course.

Website: this course outline is available online at two locations for the duration of the term:  
ECON website <https://uwaterloo.ca/economics/current-undergraduates/courses-and-outlines>  
LEARN website <http://learn.uwaterloo.ca> (registered students only)

**Course Description**

This course covers various aspects of the economics of taxation. Topics may include partial equilibrium analysis of tax, general equilibrium tax incidence, dynamic analysis, optimal taxation, economic behavior towards tax such as labor supply, savings, compliance and tax evasion. Institutional and policy aspects of taxes are also covered. Previous background in taxation is not required.

**Course Goals and Learning Outcomes**

The goal is to give students an opportunity to use the methodology of economic analysis to formulate and analyze tax issues in terms of efficient resource allocation. Upon completion of this course, students will be able to apply quantitative methods of economic analysis for tax policy evaluations.

**Required Text**

- [MOT] Intermediate Microeconomics of Taxation. Available at the UW BookStore.
- [TPC] Tax Policy in Canada. Available from ECON 442 Library Reserve.
- [PFC] Public Finance in Canada. Available from ECON 442 Library Reserve.

**Course Requirements and Assessment**

	weight
Midterm 1 (required)	20%
Midterm 2 (required)	20%
Midterm 3 (required)	20%
Assignments (required)	35%
Class attendance and participation (required)	5%
Total	100%

There is no final exam in this course. Regular class attendance and active participation are required and encouraged. No makeups will be given for missing class and participation for whatever reason. Students are responsible for all class activities and materials whether they attend classes or not.

Examples of expected attendance and participation:

- attend class meetings (e.g., stay for the full class period with full attention);
- participate in class activities (e.g., discussions, questions and answers).

Examples of failure of to meet expected attendance and participation:

- arriving late or leaving early more than 50% of class time;
- being in class but not fully participating in class activities, e.g., study for other courses, inappropriate use of computers and electronic devices during class.

### **Missing Midterms**

- Students who are ill and unable to write a midterm should provide confirmation of the illness to the instructor within 48 hours by submitting a completed University of Waterloo Verification of Illness Form (VIF) to support requests for accommodation due to illness.
- Accommodation is not automatic upon the presentation of medical verification. Instructors will use this documentation among all information available to them when determining whether accommodation is warranted. A decision on accommodation will be made when complete class attendance record becomes available.
- At least one midterm must be written. Students who miss all three midterms will receive a failing mark.
- Makeup exams will be scheduled and administered by the Economics Undergraduate Office (usually after the end of the final exam period).

### **Course Postings on LEARN**

- Course materials (e.g., assignments, readings, handouts) are posted on LEARN for a limited time only. As LEARN might be down without warning, students should save posted materials, especially time-sensitive ones, as soon as possible.
- As assignments are posted ahead of deadlines, extensions of the due dates will not be given even if LEARN is down. The only exception is when LEARN is down for the entire assignment posting period.

### **Late Submission**

- Electronic submissions must be submitted on LEARN no later than 8:30 am on the due date (the machine does not accept late submission).
- Likewise, hardcopies must be submitted in class no later than 8:30 am on the due date. Late works will not be accepted and will be given a zero mark.

### **Course Topics**

The order of topics can be rearranged to fit the schedule, background, and interest of the class.

1. Introduction & overview
2. Background review
3. Partial equilibrium tax incidence
4. General equilibrium tax incidence
5. Dynamic analysis of tax
6. Optimal taxation
7. Economic behaviour towards tax (labour supply, saving, compliance, evasion)
8. Institutions and tax policy
9. Tax policy simulation with GTAP (Global Trade Analysis Project)

## Tentative Schedule

Class	Date		Midterm	AS Posted	AS Due	AS Return	Notes
01	May 02	mon		as01 posted			
02	May 04	wed					
03	May 09	mon		as02 posted	as01 due		
04	May 11	wed					
05	May 16	mon		as03 posted	as02 due	as01 return	
06	May 18	wed					
	May 23	mon					Victoria Day
07	May 25	wed		as04 posted	as03 due	as02 return	
08	May 30	mon				as03 return	review
09	Jun 01	wed	mt1 in class				
10	Jun 06	mon	mt1 return	as05 posted	as04 due		
11	Jun 08	wed					
12	Jun 13	mon		as06 posted	as05 due	as04 return	
13	Jun 15	wed					
14	Jun 20	mon		as07 posted	as06 due	as05 return	
15	Jun 22	wed					
16	Jun 27	mon		as08 posted	as07 due	as06 return	review
17	Jun 29	wed	mt2 in class				
18	Jul 04	mon	mt2 return	as09 posted	as08 due	as07 return	
19	Jul 06	wed					
20	Jul 11	mon			as09 due	as08 return	
21	Jul 13	wed				as09 return	review
22	Jul 18	mon	mt3 in class				
23	Jul 20	wed	mt3 return				
24	Jul 25	mon					last class

### Information on Plagiarism Detection

Students will learn to use the plagiarism detection software Turnitin to pre-screen their own work for potential issues of academic integrity (like spell checker). Students who do not wish to have their work screened by Turnitin should inform the instructor in writing or email no later than the end of the second week to arrange for an alternative option. See also section "If You Use Turnitin in Your Course" below.

### Electronic Device Policy

Computers may be used for related class activities only. Turn off all other electronic devices during class. No photographic devices are allowed during class. No audio recordings, video recordings or pictures may be taken during class.

### Fee-Arranged Policy

Students are responsible for administrative matters of course registration and fee arrangements with the Registrar's Office. No make-up work or accommodations will be given for loss of access to LEARN and academic consequences arising from administrative issues with the Registrar's Office.

### Additional Classroom Protocols

- Students are responsible for taking their own class notes.
- Private conversation is not allowed during class.
- Eating and drinking (except bottled water) are not allowed during class.

## Statements and links to be included on all course outlines

### Economics Department Deferred Final Exam Policy

- Deferred Final Exam Policy found at <https://uwaterloo.ca/economics/current-undergraduates/policies-and-resources/deferred-final-exam-policy>.

### Cross-listed course

- Please note that a cross-listed course will count in all respective averages no matter under which rubric it has been taken. For example, a PHIL/PSCI cross-list will count in a Philosophy major average, even if the course was taken under the Political Science rubric.

### Academic Integrity

- **Academic Integrity:** In order to maintain a culture of academic integrity, members of the University of Waterloo are expected to promote honesty, trust, fairness, respect and responsibility.
- **Discipline:** A student is expected to know what constitutes academic integrity, to avoid committing academic offences, and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offence, or who needs help in learning how to avoid offences (e.g., plagiarism, cheating) or about “rules” for group work/collaboration should seek guidance from the course professor, academic advisor, or the Undergraduate Associate Dean. When misconduct has been found to have occurred, disciplinary penalties will be imposed under Policy 71 – Student Discipline. For information on categories of offenses and types of penalties, students should refer to [Policy 71 - Student Discipline](https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-71) (<https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-71>)
- **Grievance:** A student who believes that a decision affecting some aspect of his/her university life has been unfair or unreasonable may have grounds for initiating a grievance. Read [Policy 70 - Student Petitions and Grievances](https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-70) (<https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-70>), Section 4.
- **Appeals:** A student may appeal the finding and/or penalty in a decision made under Policy 70 - Student Petitions and Grievances (other than regarding a petition) or Policy 71 - Student Discipline if a ground for an appeal can be established. Read [Policy 72 - Student Appeals](https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-72) (<https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-72>).
- **Other sources of information for students:**  
[Academic Integrity website \(Arts\)](https://uwaterloo.ca/arts/current-undergraduates/student-support/ethical-behaviour)  
<https://uwaterloo.ca/arts/current-undergraduates/student-support/ethical-behaviour>  
[Academic Integrity Office \(UWaterloo\)](https://uwaterloo.ca/academic-integrity/)  
<https://uwaterloo.ca/academic-integrity/>

### Accommodation for Students with Disabilities

- **Note for students with disabilities:** The [AccessAbility Services](https://uwaterloo.ca/disability-services) office (<https://uwaterloo.ca/disability-services>), located on the first floor of the Needles Hall extension (NH 1401), collaborates with all academic departments to arrange appropriate accommodations for students with disabilities without compromising the academic integrity of the curriculum. If you require academic accommodations to lessen the impact of your disability, please register with the AS office at the beginning of each academic term.

### If You Use Turnitin in Your Course

- **Turnitin.com:** Text matching software (Turnitin®) will be used to screen assignments in this course. This is being done to verify that use of all material and sources in assignments is documented. In the first week of the term, details will be provided about the arrangements for the use of Turnitin® in this course. (Note: students must be given a reasonable option if they do not want to have their assignment screened by Turnitin. See [guidelines for instructors](#) for more information.)