

**PUBLIC FINANCE: TAXATION  
ECONOMICS EC3329A-001  
Western University**

**September 2021**

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**Office hours:**

- Office hours will be held in SSC 4033 on Thursdays 1pm-3pm.
- Students can sign up for online appointments by sending me an email.

**Delivery mode:** In-person, complemented with recorded videos.

**Meeting time(s):** Mondays 12:30-2:30  
Wednesdays 12:30-1:30.

**Classroom:** SEB-1200

**Course website:** <https://owl.uwo.ca/portal>

**Undergraduate inquiries:** 519-661-3507 or SSC Room 4075 or [econugrd@uwo.ca](mailto:econugrd@uwo.ca)

**Registration:**

You are responsible for ensuring you are registered in the correct courses. If you are not registered in this course, the Department will not release any of your marks until your registration is corrected. You may check your timetable by using the Login on the Student Services website at <https://student.uwo.ca>. If you notice a problem, please contact your home Faculty Academic Counsellor immediately.

**Prerequisite/Antirequisite Note:**

The prerequisite for this course is **Economics 2261A/B**

The antirequisite for this course are **Economics 2160A/B**.

You are responsible for ensuring that you have successfully completed all course prerequisites, and that you have not taken any anti-requisite courses. Lack of prerequisites may not be used as a basis for appeal. If you are found to be ineligible for a course, you may be removed from it at any time and you will receive no adjustment to your fees. This decision cannot be appealed.

If you find that you do not have the course prerequisites, it is in your best interest to drop the course well before the end of the add/drop period. Your prompt attention to this matter will not only help protect your academic record, but will ensure that spaces become available for students who require the course in question for graduation.

## **Course Objectives:**

This course covers the economics of taxation from both a theoretical and applied viewpoint. It is one of two courses in the Public Finance sequence. ECON 3328 focuses on government expenditure.

## **Course Learning Outcomes:**

Students will be able to:

- Apply public finance theory to analyze the incidence and welfare effects of each major type of tax.
- Use data from the national and public accounts to explain the level, growth, and composition of taxes.
- Distinguish rigorously between positive and normative analyses of taxation.
- Explain the implications of modern empirical studies for the analysis of the effects of taxes.
- Solve standard analytical problems in tax theory
- Apply the main insights of optimal tax theory and the theory of the second best to tax policy.
- Assess and evaluate arguments for discussions on tax reform.

## **Textbook and Course Materials:**

The required textbook for this course is: Rosen, Harvey S., Jean-Francois Wen and Tracy Snoddon (2016), Public Finance in Canada, 5th edition, McGraw-Hill Ryerson, Toronto. The textbook will be complemented with articles that will be assigned throughout the course.

## **Technical Requirements**

- Laptop or computer
- Stable internet connection
- Microphone
- Webcam

For technical support, see the OWL help page or contact Western Technology Services Helpdesk (<https://wts.uwo.ca/about-wts/contact.html>). Google Chrome or Mozilla Firefox are the preferred browsers for OWL; update your browser frequently.

## **Topics Covered:**

This schedule may be adjusted based on time constraints.

- I. Introduction (Weeks 1-2), chapters 1 and 14.
- Revenues and expenditure of governments in Canada.
- Income distribution
- Partial equilibrium tax incidence studies.
- General equilibrium incidence.

- II. Efficiency and Equity (Weeks 3-5), chapters 2 and 15-16.
- Sources of inefficiencies. First and Second Welfare theorems.
  - Excess burden of taxation.
  - Theory of the second best.
  - Optimal tax theory.
  - Production efficiency theorem.
  - Corlett-Hague proposition.

- III. Direct Taxes (Weeks 6-7), chapters 17-18
- Personal Income Tax (PIT) system in Canada.
  - Incentive effects on labor supply and saving.
  - Income tax vs. consumption tax.

- IV. Consumption Taxation (Week 8) chapter 19.
- Federal taxes: GST, excise taxes and duties.
  - Provincial sales and excise taxes.
  - Carbon tax; cap-and-trade (ch. 5).

- V. Wealth and Property Taxes (Week 9), chapter 20.
- Annual wealth tax.
  - Property tax.
  - Estate and gifts taxes.

- VI. Corporate Taxation (Weeks 10-12), chapter 21.
- Structure of Corporate Income Tax (CIT) in Canada.
  - Relationship between CIT and PIT.
  - Treatment of dividends and capital gains.
  - Treatment of depreciation, interest payments.
  - Incidence and excess burden.

### **Assessments and Grading:**

The course will have five homework assignments, class quizzes, a midterm and a final exam. Homework will be assigned through the package Connect, associated with the textbook. Each homework will be due one week after it is posted. Late assignments will not be accepted. You may discuss the problems and solutions with your classmates, but you must each write up your own individual assignments independently.

There will be weekly quizzes. Some will be assigned online and some may be assigned in class. Quizzes will provide a first application of the material covered in the course, or be used to motivate the introduction of concepts. They will only be solved in class and there will be no solution posted. The quizzes and your participation in class will determine your class-participation grade.

The midterm exam will be held during class time. The midterm and final are not cumulative. The material for the exams consists of the topics covered in class, any assigned readings and the material covered in the homework assignments. The format of the exams will consist of multiple-choice and filling-the-blank questions requiring understanding concepts and models,

understanding how models can be used to interpret news, public discussions, and data. The duration of the midterm and final will be 90 minutes.

**There will be no other source of marks in the course.**

The distribution of the marks is as follows:

Midterm	35%
Homework assignments	15%
Class participation	15%
Final	35%

Tentative exam dates:

Midterm: October 18th

Final exam: Set by registrar

The exams will be conducted through the owl website. You can take them in the classroom or at home. If you are not in the classroom, you must have a camera pointing at you at all times. Otherwise, the exam will not be considered valid.

Exams are open book. During exams students are forbidden to communicate with any person other than an examination proctor or the instructor.

*Policies regarding late homework submissions.*

- Late assessments without illness self-reports will not be accepted.
- Late assessments with illness self-reports must be submitted within 24 hours of submission of the last illness self-report.
- According to University policy, once a student opens and starts an online test, it is no longer permitted to use a self-reported absence.

For other assignments, see the 'Please Note' section of the course outline.

### **Professionalism, Privacy and Copyright:**

- Students are expected to follow the [Student Code of Conduct](#).
- All lectures and course materials, including slides, presentations, outlines, and similar materials, are protected by **copyright**. Students may take notes and make copies of course materials for their own educational purposes only.
- Students may not record lectures, reproduce (or allow others to reproduce), post or distribute lecture notes, assessments, or any other course materials publicly and/or for commercial purposes without written consent of the instructor.
- Recordings (audio or video) are not permitted without explicit, written permission of the instructor. Permitted recordings may not be distributed or shared.
- If the course transits to online platforms due to unforeseen circumstances, some sessions may be recorded by the instructor. Recorded sessions will remain within the course site.

## Tips on How to Be Successful in this Class:

- Read assigned readings before class.
- Participate in class and do not be afraid to ask questions.
- Connect with others. Try forming an online study group and meet on a weekly basis for study and peer support.

### Please Note Department & University Policies for Fall 2021

The University expects all students to take responsibility for their own Academic Programs. Students should also check their registration to ensure they are enrolled in the correct courses.

1. **Guidelines, policies, and your academic rights and responsibilities** are posted online in the current Western Academic Calendar at: <http://westerncalendar.uwo.ca>. Claiming that “you didn’t know what to do” is not an acceptable excuse for not following the stated policies and procedures.
2. Students must familiarize themselves with the “**Rules of Conduct for Examinations**” [http://www.uwo.ca/univsec/pdf/academic\\_policies/exam/administration.pdf](http://www.uwo.ca/univsec/pdf/academic_policies/exam/administration.pdf).
3. **Cheating as an academic offence:** Students are responsible for understanding what it means to “cheat.” The Department of Economics treats cheating incidents very seriously and will investigate any suspect behavior. Students found guilty will incur penalties that could include a failing grade or being barred from future registration in other Economics courses or programs. The University may impose further penalties such as suspension or expulsion.
4. **Plagiarism:** Students must write their essays and assignments in their own words. When taking an idea/passage from another author, it must be acknowledged with quotation marks where appropriate and referenced with footnotes or citations. Plagiarism is an academic offence (see Scholastic Discipline for Undergraduate Students in the Western Calendar at [http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectedCalendar=Live&ArchiveID=#Page\\_20](http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectedCalendar=Live&ArchiveID=#Page_20)).

Western University uses software to check for plagiarism and students may be required to electronically submit their work. Those found guilty will be penalized as noted in point 3.

5. It is a Department of Economics policy that **NO** assignments be dated, stamped or accepted by staff. Students must submit assignments to the instructor.
6. **Appeals:** University policies and procedures for appealing a mark can be found in the Student Academic Appeals section in the current Western Academic Calendar at: [http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectedCalendar=Live&ArchiveID=#Page\\_14](http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectedCalendar=Live&ArchiveID=#Page_14). **Please note the relevant deadlines.**

Department of Economics procedures for appealing a mark can be found here: [https://economics.uwo.ca/undergraduate/program\\_counselling/responsibilities\\_policies.html#appeals](https://economics.uwo.ca/undergraduate/program_counselling/responsibilities_policies.html#appeals). The Department will not consider an appeal unless an attempt has been made to settle the matter with the instructor first. Students who remain dissatisfied with the outcome may proceed to submit an appeal to [econugrd@uwo.ca](mailto:econugrd@uwo.ca). Please follow the instructions and use the appeal form shown in the above link.

7. **Systematic adjustments of a class grade distribution** (either up or down) can occur in Economics courses. The fact that grades have been adjusted is **not** grounds for an appeal.
8. Note the following **add and drop deadlines**:

Deadline to add a first term half course:  
Deadline to drop a first term half course:

**Thursday September 16, 2021**  
**Friday November 12, 2021**

### **Policy Regarding Makeup Tests and Final Examinations**

Faculty of Social Science policy states that oversleeping or misreading an exam schedule is NOT grounds for a makeup. This rule applies to midterm and final exams in the Department of Economics.

### **Policies Regarding Academic Accommodation**

- The Faculty of Social Science's policies on academic accommodation are found at [http://counselling.ssc.uwo.ca/procedures/having\\_problems/index.html](http://counselling.ssc.uwo.ca/procedures/having_problems/index.html).
- **Accommodation for Students with Disabilities:** Students with disabilities or accessibility challenges should work with Accessible Education (formerly SSD, see [http://academicsupport.uwo.ca/accessible\\_education/index.html](http://academicsupport.uwo.ca/accessible_education/index.html)), which provides recommendations for accommodation based on medical documentation or psychological and cognitive testing. The accommodation policy can be found here: [Academic Accommodation for Students with Disabilities](#).
- **Rewriting Exams and Retroactive Reweighting are NOT Permitted:** Students who proceed to write a test or examination must be prepared to accept the mark. Rewriting tests or examinations, or retroactive reweighting of marks, is **not** permitted. Self-Reported Absences cannot be used once a student has proceeded to start to write a test or exam.
- **Self-Reported Absences:** Students will have two opportunities during the fall and winter terms to receive academic consideration if they self-report a missed assessment using the online self-reported absence portal, provided the following conditions are met: the assessment is missed due to an absence of no more than 48 hours in duration, and the assessment for which consideration is being sought is worth 30% or less of the student's final grade. Students are expected to contact their instructors within 24 hours of the end of the period of the self-reported absence, unless noted otherwise on the syllabus. Students are not able to use the self-reporting option in the following circumstances:

- for exams scheduled by the Office of the Registrar (e.g., final exams)
- absence of a duration greater than 48 hours
- assessments worth more than 30% of the student's final grade
- if the student has opened or started the test or exam
- if a student has already used the self-reporting portal twice during the fall/winter terms

If the conditions for a Self-Reported Absence are *not* met, students will need to provide a Student Medical Certificate (SMC) if the absence is medical or provide appropriate documentation if there are compassionate grounds for the absence in question. Students are encouraged to contact their Faculty academic counselling office for more information about the relevant documentation. It is strongly recommended that students notify the instructor as soon as possible, ideally before the assessment, when they become aware of an absence. University policy is that students must communicate with their instructors no later than 24 hours after the end of the period covered by the SMC or immediately upon their return from their documented absence. Failure to follow University policy and procedures may result in denial of academic accommodation and a grade of zero.

- **Documentation for Accommodation:** Individual instructors are not permitted to receive documentation directly from a student, whether in support of an application for consideration on medical grounds or for other reasons. **All required documentation for absences that are not covered by the Self-Reported Absence Policy must be submitted to the Academic Counselling office of a student's Home Faculty.**
- **Western University policy on Consideration for Student Absence** is available here: [Policy on Academic Consideration for Student Absences - Undergraduate Students in First Entry Programs](#).
- **Student Medical Certificate (SMC):** This form is available here: [http://www.uwo.ca/univsec/pdf/academic\\_policies/appeals/medicalform.pdf](http://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.pdf).
- **Religious Accommodation:** Students should consult the University's list of recognized religious holidays and should give reasonable notice in writing, prior to the holiday, to the Instructor and an Academic Counsellor if their course requirements will be affected by a religious observance. Additional information is given in the [Western Multicultural Calendar](#).

**Policy Regarding Class Attendance and Engagement:** If the instructor deems a student's attendance or engagement in the class to be unsatisfactory, that student may be prohibited from writing the final examination. Examples of unsatisfactory class engagement include frequent absences from an in-person or synchronous online class, lack of assignment submissions, and inadequate use of online course materials. Instructors who intend to make use of this policy will notify the student in advance.

**Statement on Mental Health and Support Services:** Students under emotional/mental distress should visit [http://uwo.ca/health/mental\\_wellbeing/](http://uwo.ca/health/mental_wellbeing/) for more information and a complete list of resources on how to obtain help.

**Statement on Remote Proctoring:** While Western intends to hold most classes, mid-terms and finals in-person, the London-Middlesex Health unity may require western to teach in a remote format. If this occurs, all assessments will be done remotely and may involve the use of remote proctoring software (i.e., Proctorio, ProctorTrack). Instructors will provide information on the details should the need arise.