

Corporate Taxation in a Dynamic World

Paolo M. Panteghini

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With 6 Figures and 6 Tables

 Springer

Professor Paolo M. Panteghini
University of Brescia
Department of Economics
Via San Faustino 74/b
25122 Brescia
Italy
panteghi@eco.unibs.it

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Preface

When I decided to write this book, I was not fully aware of the reason why I was doing so. During the entire year spent in writing it, however, I had the opportunity to reflect upon its benefits for my professional maturity. First of all, this book has enabled me to write a sort of balance sheet of the first decade I have devoted to the study of corporate taxation. Quite surprisingly I have realized that there has been at least a minimum of coherence in my research. More importantly, however, I have realized the full meaning of Socrates' well-known motto: "I am the wisest man alive, for I know one thing, and that is that I know nothing". In reading other scholars' contributions I have just realized that I know virtually nothing: I think that this will be a good stimulus for my future research.

The book analyzes both positive and tax policy issues. In the first part, I have applied option pricing techniques to tax problems. In particular, I have analyzed the effects of taxation on entrepreneurship and on firms' decisions, concerning organizational form, capital structure, investment timing and foreign direct investment location.

The second part deals with policy issues. The focus has been on imputation systems, which is a viable and promising tax device. Again, I have applied option pricing to their study. I believe that this method is a powerful tool for tax economists. Given that the eco-

conomic environment is inherently stochastic, option pricing enables scholars to improve their understanding of the effects of taxation.

This preface allows me to thank all my co-authors. Special thanks go to Massimo Bordignon and Silvia Giannini, who gave me the opportunity to concentrate on policy issues. I also want to thank Guttorm Schjelderup, who helped me to deal with international tax problems. Many colleagues have made fairly useful comments about my articles. I wish to thank the late Aldo Chiancone, as well as Gianni Amisano, Antonio Guccione, Vesa Kannianen, Alessandro Missale, Michele Moretto, Carlo Scarpa, and Peter Birch Sørensen. I am also indebted to two patient colleagues of mine, Roberto Casarin and Francesco Menoncin, who have helped me in resolving editing problems.

Last but not least, I wish to thank the Italian soccer team that inspired me when I was writing the first draft of this manuscript.

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Paolo M. Panteghini

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List of acronyms

ACE	Allowance for Corporate Equity
BET	Business Enterprise Tax
BNP	Bad News Principle
CBIT	Comprehensive Income Tax
DIT	Dual Income Tax
EBIT	Earning Before Interest and Taxes
ECJ	European Court of Justice
GIT	Growth and Investment Tax
IAIT	Interest Adjusted Income Tax
IRAP	Imposta Regionale sulle Attività Produttive
IRS	Internal Revenue Service
MNC	Multinational Company
NPV	Net Present Value
PRT	Petroleum Revenue Tax
ROA	Return On Assets
SBT	Single Business Tax
S-H-S	Schanz-Haig-Simons
SIT	Simplified Income Tax
SPC	Smooth Pasting Condition
VAT	Value Added Tax
VC	Venture Capital
VMC	Value Matching Condition