For this writing assignment, I’d like you to provide a thorough discussion of a component of the tax code that affects business entities (either corporate or non-corporate). Examples might include the Research and Experimentation Tax Credit, the treatment of foreign income (where you might discuss tax havens, etc.), or the tax treatment of non-C-corporation entities. You may also choose temporary policies, such as the bonus depreciation rules used to respond to recessions. For your chosen topic, please answer the following:

1. What is the historical context of the policy (e.g., was there a specific trigger for the policy such as a recession or shift in political power)?

2. Who bears the economic incidence of the policy?

3. What are the economic distortions caused by the policy (i.e., where would the deadweight loss come from and how might it be calculated)?

4. What are the economic arguments in favor of the policy?

5. What are the economic arguments against the policy?

6. What groups of people were generally in support of the policy (e.g., political parties, interest groups, policy experts/academics)?

Please approve a topic with me by March 30 (by email is fine). I’ll only allow one person to work on each topic, so clearing a topic with me earlier will help ensure that it is not taken. Tax expenditures are certainly an interesting area (but not the only area) from which to find a topic:


- A more comprehensive list of tax expenditures: https://www.jct.gov/publications.html?func=select&id=5

The length of your paper is up to you. I would like you to answer all the questions above and I’m guessing that will take at least 5-10 pages of writing. I would like you to provide evidence for your claims by either presenting your own analysis of the data or citing academic articles or government reports. Remember to apply some of the tools to analyze economic incidence and efficiency that we discussed in class. Generally, the goal of the assignment is to apply what we have learned to a specific issue in business tax policy.

In addition to the paper, you will give a 10-15 minute presentation of your topic to the class on April 3. This does not have to fully answer all the points above, but should describe the issue you will research and outline how you might address some of those points.