

**AMERICAN UNIVERSITY – CENTRAL ASIA**

**Department of Economics**

**Taxes and Taxation**

**Spring, 2014**

**Instructor:** Akylai Muktarbek, MA in Economics

**Office hours:** by appointment

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**Course description:**

The course aims to provide an introduction to the economics of taxes and taxation. Topics covered include incidence and efficiency of taxation, optimal taxation theory; overall structure of taxation in KR, and analysis of taxes in Kyrgyz Republic such as personal and corporate income taxes, sales taxes, and property tax.

**Prerequisites:** Students must have successfully completed Intermediate Microeconomics (ECO217) and Intermediate Macroeconomics (ECO215).

**Required materials:**

Main Textbooks: [1] Tax Code of Kyrgyz Republic

[2] J.E. Stiglitz, *Economics of Public Sector*, 3<sup>rd</sup> Ed., W.W.Norton and Company, New York and London, 2000

**Course requirements:**

- Attend all classes. Students are allowed to skip up to 2 lectures. Any additional absence will deduct 0.5% from your final grade.
- Come to classes on time. If a student is late more than 10 minutes, he is considered to be absent.
- Read all assigned chapters and come to classes prepared.
- There will be two written exam. Students are expected to take all examinations on time, and a makeup exam will be given only for those students with a strong excuse. Students who are not able to take exam on time must warn the instructor at least one day before the exam. Otherwise, the exam is considered failed.
- Each student is expected to make one short presentation during the course. The list of topics will be provided by instructor.

**Course outline:**

<b>Topics</b>	<b>Reading</b>
Introduction to Taxation	Stiglitz, Ch 17
Principles of Taxation I, Incidence	Stiglitz, Ch 18

Principles of Taxation II, Efficiency	Stiglitz, Ch 19
Optimal Taxation I	Stiglitz, Ch 20
Optimal Taxation II	Stiglitz, Ch 21
<b>MIDTERM EXAM</b>	
Personal Income Tax. Personal Income Tax in KR	Stiglitz, Ch 22; Tax Code of KR
Corporation Income Tax.	Stiglitz, Ch 23; Tax Code of KR
Sales taxes. VAT and excises.	Tax Code of KR
Property taxes.	Tax Code of KR
Special topics. Tax enforcement and compliance. Shadow economy.	Additional material.
<b>FINAL EXAM</b>	

**Grading:**

Midterm Exam	35%
Final Exam	40%
In-class work	10%
Presentation	15%
	100%

**Grading scale:**

A	>90	C+	61-65
A-	84-89	C	56-60
B+	78-83	C-	51-55
B	72-77	D	46-50
		F	<45
B-	66-71		