



American Taxation Association

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Ronald R. Tidd, Editor

PRESIDENT'S LETTER

The year has flown by, and as usual it's been a busy one for the ATA. The highlight of the year was this year's Midyear Meeting and JATA Conference in St. Petersburg. The feedback from our members and guests has been terrific. Each year the Midyear Meeting and JATA Conference expands in its scope and complexity. This year was no exception. Several ATA committees and individuals contributed toward the success of this year's meeting, but a special note of thanks goes to Amy Dunbar for all her time and care with coordinating an outstanding meeting. An article later in this *Newsletter* provides a complete description of the event. In addition, Amy has put together a terrific addition to our website by organizing Zite Hutton's photos of the Midyear festivities as well as links to papers and other references on our website. Check it out at:

<http://www.atasection.org/midyear-meetings/2003/html/ATA-2003-Midyear-Photos.htm> when you have a chance. We could not offer the quality midyear meetings you have come to expect without KPMG LLP's support, and I would like to thank them for supporting the ATA.

The ATA Midyear Meeting and JATA Conference often inspires ideas for ways that the ATA can help its members. At last year's meeting in New Orleans, a session on using cases in the classroom led to a request for the ATA to make cases and solutions available on a password-protected section of our website. Throughout this year, the Teaching Resources Committee has been collecting cases for



Beth B. Kern
ATA President

this addition to our website. At this point, the Website Committee is constructing the site and hopes to have it available soon.

This has been a year during which the ATA has been reflecting on both its past and its future. As anyone who has stepped into the role of committee chair or officer knows, there is a need to have a record of what the ATA has done in the past in order to avoid "reinventing the wheel." To its credit, the ATA does have quite a bit of documentation in this vein. But, there is a need for an online archive that would provide quickly available organized access to our past. To this end, Susan Anderson chaired a task force that provided recommendations for what types of information should be available. This project is now at the stage where the Website Committee is beginning to gather information to build web-based archives. As gaps in the collection become known, we'll be sending out emails. So,

when you're in the midst of spring cleaning and run across unique gems from the ATA's past, think of the archives before they hit the recycling bin.

While we've been working on preserving the past to help with the future, the Long Range Planning Task Force has been directly focusing on the ATA's future. Over the past several years, the number of students graduating with the Ph.D. in tax has declined to roughly one-quarter to one-third of what it was ten to fifteen years ago. Part of this decline is a reflection of the overall decline in the number of Ph.D.s in accounting. While this is a serious issue for all of accounting academia, it has special ramifications for the future of tax within business schools. This downturn in the number of tax Ph.D.s is coming at a time when many of our colleagues are retiring. It is clear that the number of people entering tax academia is and will be far less than the number of people retiring. Without new people entering the academic pipeline, business schools may very well be faced with either hiring part-time faculty or cutting back the tax component of their curricula. It is clear that the ATA must act in order to ensure a future of high-quality research and teaching in tax.

As a first step, the Long Range Planning Task Force decided it was important to help retain those students who are in the Ph.D. pipeline. With Ernst & Young's generous support we were able to provide partial funding to bring Ph.D. students to this year's Midyear

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President's Letter

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Meeting. It was the committee's belief that early exposure to the ATA and its mentoring network (both informal and formal) would help retain these students as tax Ph.D.s. Feedback from these students was absolutely terrific. Some commented on the number of ideas for future research that they got from attending the meeting. Others were so enthusiastic about the ATA that they volunteered to join committees as doctoral students! It is clear that these students encountered the warm and generous support that is the hallmark of the ATA. I would like to thank each and every one of you who took time to welcome these soon-to-be members of our profession and help them get off to a good start.

Ernst & Young provided a two-year commitment toward this initiative. For those of you with Ph.D. students, keep an eye out for an email announcement in the

fall for what your students should do to apply for funding for Mid-year 2004. The Long Range Planning Task Force is continuing its focus on the difficult challenges we face in the future. I would like to thank Silvia Madeo and the members of the task force for their important work on these issues.

We've had other exciting news this year. Deloitte & Touche will provide support for the Teaching Innovation Award through the August 2006 award. I would like to thank Deloitte & Touche for deciding to support the award last August and for their recent decision to support it for several years to come. The *ATA Journal of Legal Tax Research* published its first article. I would like to thank Gene Seago for all his efforts in starting a new journal for the ATA. Many of our ATA committees were especially busy this year. The Tax Policy Committees were very active and submitted a number of commentaries to legislative committees and journals for publication. The Research Methodologies

and Teaching Resource Committees provided sessions at the Mid-year Meeting as well as wrote columns for the *Newsletters*. The ATA joined the AICPA with a joint-task force to examine the AICPA's model tax curriculum. Ron Tidd was a great taskmaster as *Newsletter* editor, and Steve Thompson continued to take on the challenging job of webmaster. The Annual Meeting Committee has been very busy selecting papers for six research paper sessions. Cindy Vines and her committee have organized a great program, and I look forward to attending the August meeting in Honolulu.

It has been a pleasure and honor to serve as your president this year. The dedicated and creative members of the ATA make it the remarkable organization that it is. In August, Dave Stewart will take over the reins. He has a number of ideas for helping us meet the challenges of the future. I look forward to another great year as a member of the ATA and seeing you in Honolulu.

PROPOSED CHANGE TO BYLAWS

Beth Kern, ATA President

At the August 4 business meeting in Honolulu, the Board of Trustees will request a change in the bylaws relating to the activities on the Committee on nominations.

The proposed change will replace the list of positions in the current XII with the following:

President-Elect, Vice-President-Elect, Secretary, Treasurer (if term is expiring), Trustees (the number necessary due to expiring terms), two members of the Publications Committee, and a Journal Editor-Elect if the Editor's term is expiring.

The nomination for the Journal Editor-Elect originates in the Publications Committee following procedures specified in the Publications Handbook. The Publications Committee will recommend to the Board of Trustees one qualified and willing candidate for Editor-Elect. The Trustees can approve the recommendation or send it back to the committee for reconsideration. After approval by the Board of Trustees, the Editor-Elect will be added to the Nominations Committee slate.

The Nominations Committee will present its slate to the Board of Trustees for approval before bringing it to the membership for a vote.

There are two reasons for these proposed changes. The first is to make the list of offices open for nomination congruent with the ATA's current structure. The second is to make the nomination procedure as it applies to the nomination for Journal Editor-Elect correspond to what is actually done and to make the authority of the various parties involved in the nomination of the editor clear.

ANNOUNCEMENTS & REMINDERS

SAN JOSE STATE UNIVERSITY INTERNATIONAL TAX POLICY RESEARCH FELLOW

San Jose State University's Tax Policy Institute is establishing an International Tax Policy Research Fellow Program.

We will sponsor up to two (2) international visiting professors per year, who would visit the Silicon Valley/San Francisco Bay area for a month, and work with SJSU faculty on areas of mutual interest in the tax, legal, finance, public tax policy, economics, or accounting areas. The fellowship award would be US\$10,000.

The recipient would be expected to stay in the Bay area for one month and present at least one research paper to the faculty (members of Stanford University Law School, Santa Clara University Law and Business schools, SJSU, etc., would be invited to the presentation), present to one class, sharing their experiences or research ideas, and work on at least one research project with other faculty.

The candidate's application would be reviewed by a committee of Joe Mori (Chair SJSU A/F Department, Stewart Karlinsky (Tax Policy Institute Director), and one of the trustees. A decision would be made within 30 days of the application deadline June 1, 2003. Candidates need to submit a current *curriculum vitae*, proposed research topic(s), and a description of the methodology and resources required to Dr. Stewart Karlinsky; Email: Karlinsky_s@cob.sjsu.edu or Phone: (408) 924-3482.

Newsletter Deadline—Fall 2003 Issue

Faculty announcements submitted to the *ATA Newsletter* are published in the Fall, Spring, and Summer issues. The announcements are selected on a FIFO and space-available basis. The deadline for submitting information for the Fall 2003 edition of the *ATA Newsletter* is August 22, 2003.

Please send your announcement and submissions as an email attachment to Nancy Nichols, nicholnb@jmu.edu.

Alternatively, you can mail both a hard copy and a digital file (on a disk) of your announcement to Nancy at:

Nancy Nichols
James Madison University
MSC 0203
Harrisonburg, VA 22807
Phone: (540) 568-8778
Fax: (540) 568-3017

MINUTES OF THE ATA BOARD OF TRUSTEES, MIDYEAR MEETING FEBRUARY 28, 2003

Officers and Board of Trustees members present:

Beth Kern
Amy Dunbar
Ellen Cook
Shirley Dennis-Escoffier
Scott McQuillan
Gillian Spooner
Shelley Rhoades-Catanach
Merle Erickson

Dave Stewart
Susan Anderson
Anne Christensen
Hughlene Burton
Gary McGill
Stewart Karlinsky
Bob Halperin

Other members present:

Gene Seago
Jeff Gramlich
Silvia Madeo
Dick Weber
Cindy Vines
John Robinson
Steve Thompson

1. President Beth Kern called the meeting to order at 7:00 am.
2. Minutes of the August 14, 2002 Board meeting were APPROVED without dissension.
3. Ellen Cook presented cash flow statements for the previous five months and a comparison of 2001 and 2002 year-end statements. The ATA earned \$197.25 of interest for the five months ended 1/31/03, compared to a budgeted amount of \$1,000 for the 12 months from 9/1/02 to 8/31/03. Membership has decreased by 27 members, but there are 32 more associate members than in 2001. The board briefly discussed potential reasons for the decrease in membership.
4. John Robinson provided the *JATA* editor's report. Fifteen papers were submitted to the *JATA* Conference; four of these were accepted. Eight papers were returned with positive comments. Each paper was reviewed by a committee member and an outside *ad hoc* reviewer. *JATA* has 28 papers in process, six of which were carried over from Fran Ayres' term as editor. John has received 18 new submissions and four papers have been accepted. John said that the number of submissions seems to be consistent with those in prior years. Average turnaround time is about ten weeks, which is slightly less than last year. John has experienced some problems with referees providing prompt reviews. He announced that *JATA* will be going to electronic submissions starting in May. Papers can be submitted in Microsoft® Word or as a PDF file. John will sanitize each file before sending it out. There was some discussion of encouraging submissions in Word since the AAA requires Word for publication. John suggested combining the *JATA Supplement* and a regular issue if publication costs continue to increase.
5. Gene Seago presented the *JLTR* editor's report. Gene has received eleven submissions, eight of which have been processed. Five of these papers are in the review process and Gene is very optimistic that these will be accepted. One paper has been accepted and should be available to subscribers soon. Beth asked if the AAA could send out an email announcement to tell members that the paper is available on the web.
6. Gary McGill reported that the Publications Committee has voted to charge a \$5 access fee for the *JLTR* to cover processing costs assessed by the AAA. He presented two options for the payment of the fee:
 - (1) The ATA could pay the \$5 cost for each member who wants the journal
 - or
 - (2) Each member could pay \$5 for *JLTR* access.

The majority of the Publications Committee members favor having the ATA pay the fee, but are concerned that it will create financial problems. Shirley Dennis-Escoffier suggested making the journal available to all members for one year and not making a commitment to provide it for all indefinitely. This approach would allow members to read the journal before deciding whether to become subscribers. Approximately 74 members have subscribed to *JLTR*. The Board voted unanimously for the ATA to pay the fee for all members for 2003–2004. Steve Thompson asked whether we could post *JLTR* articles on the ATA website. Gary McGill will check with the AAA on this possibility. The Board also agreed that the standard acronym for the legal journal would be *JLTR*.
7. Cindy Vines gave the report for the Annual Meeting Program Committee. There were 25 submissions, down 10 from last year. The Board discussed that this decrease was most likely due to the costs of traveling to Hawaii. The committee has ranked the papers and tentatively assigned them to sessions. Cindy is waiting for the AAA committee to determine the number of sessions assigned to the ATA, whether the business meeting will be counted as one of our sessions, and if any of the ATA papers will be presented in mixed sessions established by the AAA. She also is seeking ideas for a luncheon speaker. There was a consensus that the ATA pay the speaker's airfare and two nights in the hotel, if needed. There will not be

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Minutes of the ATA Board of Trustees Meeting

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- any tax CPE sessions this year due to the high travel costs for those willing to teach such sessions and the likelihood that many members will prefer to use this time for sightseeing.
8. The Board commended Amy Dunbar and her committee for organizing an outstanding midyear program. Preliminary numbers indicate that attendance may be 200. There are a greater number of Ph.D. students attending the meeting due to funding provided by Ernst & Young. Food and beverage costs are lower this year than in recent years, but audiovisual costs are higher. The Board discussed borrowing LCD equipment from nearby schools and members.
 9. The 2004 Midyear Meeting will be in Denver on February 27 and 28. The hotel will cost \$154 a night and is located on the Metro system. Shirley recommends using the Super Shuttle from the airport since a taxi will cost approximately \$45 to \$50. The 2005 Midyear Meeting will be in Washington, D.C.
 10. Shirley presented a draft of a web-based membership survey on location preferences for future midyear meetings. Her committee has developed a list of possible sites served by multiple airlines that are unlikely to have adverse weather during late February. The survey will also request input from members who have not attended any of the three previous midyear meetings as to their reasons. Las Vegas will be added to the list of potential locations. The 2006 meeting site must be chosen in August.
 11. Shirley, Bob Gardner, and Ellen Cook have discussed funding for future midyear meetings and are preparing a proposal to submit to KPMG requesting continued funding.
 12. Silvia Madeo presented the activities of the Long Range Planning Task Force. She described the decline in the number of doctoral students in tax. Her committee is investigating whether this decrease is proportionate to the decline in the number of accounting Ph.D. students. A significant number of tax faculty are within five years of retirement and the task force is concerned that the supply of new tax Ph.D.s will be insufficient to fill the vacated positions. Silvia has met with Ellen Glazerman of the Ernst & Young Foundation regarding this issue. The Board discussed the number of schools that are not replacing tax faculty, the decline in the number of masters in accounting programs, increased reliance upon adjuncts, and the research pressures facing new faculty. The task force is exploring ways to encourage current and former students to pursue academic careers in taxation. Dave Stewart described Brigham Young University's master's track for students interested in academia. Scott McQuillan said that currently Deloitte & Touche is not able to meet its targets for hiring entry-level tax staff. The Board suggested surveying department heads as to whether retiring tax faculty will be replaced with doctorally qualified faculty, adjunct professors, or not replaced. When compared with the number of projected retirements, the survey will indicate the extent of the future shortage in tax faculty.
 13. Beth and Silvia described the activities of a joint AICPA/ATA committee revisiting the model tax curriculum. Silvia asked whether our traditional tax curriculum discourages people from considering doctoral education in tax. The committee's curriculum recommendations will possibly affect course content and offerings.
 14. Dick Weber presented a proposal changing the bylaws to clarify the role of the Publications Committee in selecting journal editors. Under the change, nominations made by the Publications Committee will go directly to the Board of Trustees. The Nominations Committee's recommendations will also require officer and trustee approval. Shirley was concerned whether electronic approval would be sufficient. There was agreement that the approval process could be conducted via email. Nominations Committee members will tell candidates that they have been nominated for a position subject to board approval.
 15. Susan Anderson presented recommendations from the Archives Task Force. Back issues of newsletters, task force reports, and the lists of previous award winners and officers will be maintained on the ATA website indefinitely. Final committee reports will also be kept on the web. Bob Halperin suggested placing tax policy reports on the website. The website committee will be contacted regarding the recommendations.
 16. The Board agreed to change the names of the subcommittees on tax policy.
 17. Jeff Gramlich is chairing a task force considering the possibility of the ATA issuing a policy statement on whether certain tax return information of publicly held corporations should be made public. The task force will make its decision after the April 25th Brookings Institute conference. The Board members agreed that the task force should seriously consider drafting a statement or letter.
 18. Bob Halperin moved for adjournment at 10:10 am.

MINUTES OF BUSINESS MEETING, MIDYEAR MEETING MARCH 1, 2003

Beth Kern presented a proposal from the Officers and Board of Trustees to increase annual dues from \$20 to \$35 to cover increased costs beginning in 2003–2004. Dues have been \$20 for several years. There was brief discussion from the membership, followed by a voice vote approving the change.

FINAL REPORT OF THE 2002/2003 ATA NOMINATIONS COMMITTEE

The Nominations Committee presents the following slate of candidates for election to the specified offices for the 2003–2004 year:

President Elect: Fran Ayres, University of Oklahoma

Vice President Elect: Hughlene Burton, University of North Carolina at Charlotte

Secretary: Susan Anderson (her second year), Appalachian State University

Treasurer: Gary McGill, University of Florida

Trustees: Ben Ayers, University of Georgia

Ellen Glazerman, Ernst & Young, LLP

Tim Rupert, Northeastern University

Publications Committee Members:

Christine Bauman, University of Wisconsin–Milwaukee

Bob Yetman, The University Iowa

This slate has been approved by the ATA Board of Trustees and will be voted on by the ATA member at the Annual Business Meeting in August 2003.

2002–2003 Nominations Committee Members:

Anne Christensen, Montana State University

Merle Erickson, University of Chicago

Doug Shackelford, The University of North Carolina at Chapel Hill

Marty Wartick, University of Northern Iowa

Shirley Dennis-Escoffier (Chair), University of Miami

MEET YOUR PRESIDENT FOR 2003–2004

Dave N. Stewart, ATA President-Elect

Dave N. Stewart will become the 30th president of the American Taxation Association in August 2003. Dave is the Rachel Martin Professor of Taxation at Brigham Young University (BYU) in Provo, Utah and currently serves as the coordinator of BYU's Graduate Tax Program.

He received a B.S. degree in accounting and a Master's degree in taxation in 1977 from BYU. Dave went on to receive a Ph.D. in Philosophy from the University of Florida in 1980 at which time he returned to Provo as an assistant professor. With the exception of a one-year professional development leave with Ernst & Young in their National Tax Department in Washington D.C., Dave has spent 23 years as a faculty member in BYU's School of Accountancy and Information Systems. His areas of specialization include corporate mergers and acquisitions and consolidated tax returns.

Dave has published more than 35 refereed articles, coauthored two books, and consistently publishes relevant professional tax research. His work has been published in *The Journal of the American Taxation Association*, *Journal of Corporate Taxation*, and *Tax Adviser*, and several other journals.

Dave joined has been active in the ATA since becoming an assistant professor and has served as Trustee, Secretary, Associate Editor of JATA, and Chair of the ATA Annual Program Committee. He was the 1997 recipient of the Outstanding Faculty Advisor Award given by the National Office of Beta Alpha Psi. Dave has most recently been honored as the 2002 Utah Outstanding Educator by the Utah Association of Certified Public Accountants.

Dave and his wife, Jane, are the proud parents of six children and even though I'm sure you would agree he is much too young, he also has two amazing grandchildren. He is hoping that becoming a grandparent will automatically translate to an increased amount of wisdom. His wife assures him this is not the case. Dave's current passion is training for a bike race from Logan, Utah to Jackson Hole, Wyoming, which is a distance of 200 miles. So much for the increased amount of wisdom.

Dave is in the process of organizing the 2003–2004 ATA committees. He has already had the opportunity to visit with many of the members about their involvement in the upcoming year. If you have any ideas or suggestions, please contact him at dstewart@byu.edu. He looks forward to a great year and the opportunity of working closely with the individual members of the ATA.

ATA COMMITTEE CONTRIBUTIONS

Research Resources and Methodologies Committee

This column is one of a series sponsored by the Research Resources and Methods committee that reviews, from sources other than mainstream tax and accounting journals, publications that may be of interest to ATA members.

Buijink, W., B. Janssen, and Y. Schols. 2002. Evidence of the effect of domicile on corporate average effective tax rates in the European Union. *Journal of International Accounting, Auditing, and Taxation* 11: 115–130.

This paper documents both the statutory tax rates (STRs) and effective tax rates (ETRs) for companies domiciled in all 15 European Union (EU) member states between 1990 and 1996. The authors use differences between STRs and ETRs as their measure of tax incentives to companies.

STRs during this period range from about 22 percent (Ireland) to about 50 percent (Germany and Italy), with a coefficient of variation of 19.1 percent. The median ETR over the same period ranged from a low of about 14 percent (Ireland) to about 39 percent (Germany), with a coefficient of variation of 26.6 percent. Therefore, tax preferences both lower the effective tax rate and increase the variation of effective tax rates across countries. The difference between a country's STR and ETR can be thought of as a measure of that country's tax preferences. These range from a low of 1 percentage point (Sweden) to a high of 22 percentage points (Portugal), with an EU average of about ten percentage points.

Huang, T. 2002. Personal tax exemption: The effect on fertility in Taiwan. *Developing Economies* (March): 32–48.

This study utilizes official regional-based panel data on Taiwan, from 1990 to 1996, to investigate the impact of the tax exemption for dependents on birth behavior. The estimation results demonstrate that the value of a personal tax exemption has a positive and statistically significant effect on the general fertility rate. This conclusion also holds after excluding the wife's earnings in the empirical model to control for the potential endogeneity between the wife's earnings and fertility. This study thus suggests that income tax policy may be an effective tool for bringing about an increase in the general fertility rate in Taiwan, and, hence, a means of mitigating Taiwan's population-aging problem. However, the cost to the government to induce a single additional birth would be very high.

Kemsley, D., and D. Nissim. 2002. Valuation of the debt tax shield. *Journal of Finance* 57 (October): 2045–2073.

This study calculates the tax benefits of debt using a cross-sectional regression model that estimates the value of the firm as a function of its future operating income (defined as income before extraordinary items plus the after-tax interest expense) and debt. Because debt is correlated with the value of operations along nontax dimensions, the authors regress future operating income on firm value and debt rather than regressing firm value on debt and future operating income. According to the authors, reversing the regressions mitigates bias and facilitates the use of market information to control of differences in risk and expected growth.

The authors estimate that the value of the debt tax shield is approximately 40 percent of the debt balance, net of the personal tax disadvantage of debt. For comparative purposes, the average statutory corporate tax rate for the sample period is 45 percent, plus state taxes. In terms of total value, the debt tax shield increases total firm value by approximately 10 percent.

Green, R. C., and B. Hollifield. 2003. The personal-tax advantages of equity. *Journal of Financial Economics* 67 (February): 175–216.

Because interest payments are tax deductible, corporations have an incentive to engage in debt financing. At the individual investor level, however, there are offsetting tax advantages for equity investing. The personal-tax advantage of equity is largely attributable to the option to defer capital gains. This article estimates the value of using equity financing in a model that allows firms to distribute cash through repurchases, rather than through dividends or interest, which are taxed as ordinary income. The cost of capital is reduced by approximately 0.8% through the use of repurchases relative to dividends. Unlike the Modigliani and Miller (1963) model of capital structure, the model includes many plausible scenarios in which the optimal capital structure is an interior solution.

Alm, J., L. A. Whittington, and J. Fletcher. 2002. Is there a "singles' tax"? The relative income tax treatment of single households. *Public Budgeting & Finance* 22 (Summer): 69–86.

Since the Scholes-Wolfson "revolution" many ATA members have been focusing their research agendas on the corporate sector. However, there are

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ATA COMMITTEE CONTRIBUTIONS

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still some of us that remain interested in the distribution of the tax burden across households. It is these researchers that may find this article interesting. The paper discusses the policy issues surrounding the marriage penalty and point out that lost in the hype and controversy is the possibility that there may in fact be a “singles’ tax.” Furthermore, this tax will be increasingly unfair as various remedies for the marriage penalty are phased-in or enacted. The authors define the “singles’ tax” as the difference in tax liability on the same amount of household income between a single person and a married couple where all the income is earned by one spouse. In other words, the “singles’ tax” is the same as the marriage subsidy viewed from a different perspective. Their methodology involves the simulation of representative households using inflation adjusted aggregate Statistics of Income data to note the occurrences of the singles’ tax at income levels ranging from 0 to \$350 thousand. To account for the fact that a married joint return household consists of two people while a single household has only one person, they adjust AGI using various household equivalence scales. Such scales are usually obtained by calculating the ratio of actual AGI by some federally mandated poverty threshold. The paper suffers from a lack of detail explaining the role of such scales in their simulations. However, they do provide references for the interested reader to learn more about these scales. The major ingredient in tilting their analysis toward identifying the singles’ tax is treating various entitlements such as food stamps and Temporary Aid to Needy Families as negative income taxes that typically benefit married couples and not single people. The rationale is that such entitlements are in substance the same as the Earned Income Tax Credit. Thus, it is no surprise that they report tables and graphs that show that the singles’ tax increases with income until the transfer payments are phased out.

Traub, S. 1998. The framing of tax reliefs. *Public Finance/Finances Publiques* 53 (2): 243–261.

The motivation for the experiment reported in this article was the application of framing effects from prospect theory such as loss aversion and endowment effects to taxpayer perceptions. The author

defined framing effects to occur when the same economic circumstances give rise to different preferences depending on the description of the problem. The focus of the study is on the expectation that taxpayers will have greater aversion to equal amounts of out-of-pocket costs relative to opportunity costs. An example of the type of framing effect that was intended to be captured in the experiment would be describing the \$600 cash payments that U.S. taxpayers received during Summer 2000 as either a “rebate” to those that received the payment or as a “surcharge” to those that did not qualify to receive the payment. The research instrument was administered in person to 219 Germans at their workplaces. Each subjects received two unobtrusive treatments one week apart in a within- and between-subjects design. There was no control group and all subjects received the two treatments in the same order. Subjects were first confronted with the opportunity cost framing where they had to decide upon fair taxes for representative households consisting of various levels of income. The difference between a two- and a one-child household was the measurement of the “rebate” frame. The second administration, the out-of-pocket cost frame, presented the two-child household as paying the same tax as the subject assigned in the first treatment. The subject was asked as a part of a hypothetical tax reform to decide once again on a fair tax for a two- and a one-child household. This time the difference in the assigned taxes was the measurement of the “surcharge” frame. The null hypothesis was that the difference in respective “rebate” and “surcharge” frames was zero. The findings report that, for the most part, the expected framing effects were observed. Also, both rebate and surcharges increase with increasing income. The self-serving bias was observed in this study, that is the extent to which rebates exceeded paired-surcharges for additional children was greater for those subjects that have children. The paper should be of interest to those that follow the behavioral finance literature. Many framing situations exist in formulating U.S. tax policy. For example, how do taxpayers frame the phase-out of itemized deductions under Section 68 relative to a three percent increase in their statutory marginal tax rate? Also, a flat rate comprehensive tax regime can be framed as either an income or a consumption tax.

CALLS FOR PAPERS AND SUBMISSIONS

JATA CONFERENCE 2004 2004 ATA MIDYEAR MEETING

The tenth *Journal of the American Taxation Association* Conference will be held in conjunction with the ATA's Midyear Meeting in February 2004. Papers addressing interesting and relevant tax issues will be considered for the conference. All research methodologies (including, but not limited to, archival/empirical, analytical, behavioral, experimental, and field studies) will be considered. Papers selected for the conference will be published in a supplemental issue of *The Journal of the American Taxation Association*. Conference papers will be made available to conference participants in advance of the midyear meeting through the ATA website. Papers not accepted for the conference can be considered for publication in the journal through the normal review process at the option of the authors.

Manuscripts should be submitted via electronic files formatted conforming to JATA's published preparation and style guidelines. The submission fee of \$75 in U.S. funds may be paid by credit card or check. To charge the fee, access the JATA site at the AAA website:

<https://aaahq.org/AAAFORMS/journals/>

Alternatively, the submission fee may be paid by check, made payable to the American Accounting Association and mailed to Professor John Robinson at the address below. To preserve anonymity, the cover page and the manuscript document should be submitted in separate MS Word or Adobe Pdf files. If the research utilizes instruments (experimental material, questionnaires, cases, etc.), this material should also be submitted in a separate file. With the exception of the cover page, the identity of the author(s) should be deleted from the files. Files should be transmitted as email attachments to Professor John Robinson at:

Jata@bus.utexas.edu

Please indicate in the email that the paper is submitted to the Conference. To be considered, **papers must be received no later than October 1, 2003**. Contact Professor Robinson Phone: (512.471.5315) if file compatibility or electronic submission presents a problem.

John Robinson, Editor

The Journal of the American Taxation Association

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EDUCATION RESEARCH SESSION 2004 ATA MIDYEAR MEETING

Education research papers are invited for presentation at the 2004 Midyear Meeting of the American Taxation Association. Papers should follow the manuscript preparation and style guidelines of *The Journal of the American Taxation Association*. All submissions will be subject to blind review. Papers selected for presentation will be made available electronically prior to the meeting via a password-protected AAA website. Papers should have a well-developed theoretical foundation and hypotheses, and the research design and discussion should address potential competing hypotheses.

Authors may submit multiple, but not duplicate, papers for consideration at the Education Research session, Legal Research session, and JATA conference. Multiple submissions must be disclosed with each submission, together with a ranking of preferences among the sessions. Presentations will be limited to one per individual author, with coauthored papers eligible for presentation by different coauthors.

The deadline for submission of education research manuscripts is October 1, 2003. Electronic submissions should be sent to michael.roberts@ua.edu. Alternatively, two paper copies may be submitted to:

Professor Michael Roberts

Culverhouse School of Accountancy

The University of Alabama

POB 870220

Tuscaloosa, Alabama 35487-0220

CALLS FOR PAPERS AND SUBMISSIONS

NEW FACULTY and DOCTORAL RESEARCH 2004 ATA MIDYEAR MEETING

The 16th annual American Taxation Association Midyear Meeting will feature one session with research by new faculty and doctoral students. The ATA scheduled this session to provide new researchers with an opportunity to receive critical feedback on their work. We invite authors to submit early papers (i.e., not yet submitted for publication) and research-in-process. Research-in-process must be sufficiently developed to allow informed feedback; for example, for research involving data, the theoretical foundation should be developed, hypotheses should be formed, and statistical tests described.

Dual submission both to the *JATA* Conference and to the new faculty/doctoral research session is allowed. Should a paper be accepted for both sessions, the author will be asked to choose either the *JATA* Conference or the New Faculty/Doctoral Research session.

Eligibility:

To qualify as a new faculty member submission, the majority of the author(s) must have had a tenure-track faculty position for no more than three years. For new faculty, the research should not be part of an individual's dissertation work. Doctoral students are invited to submit dissertation papers or other working papers.

Doctoral Student Support:

The ATA will partially support doctoral students who have been accepted to this session; the registration fee for the meeting will be waived, and one night's lodging at the conference hotel will be provided.

Deadline:

Submissions must be received by November 1, 2003. A statement indicating that the research has not been submitted to a journal should accompany the submission. Accepted papers will be announced by December 15, 2003.

Submissions should be directed as follows:

Electronic: lmills@u.arizona.edu

Subject line: New Faculty_Doctoral

(Please use either MS Word or Adobe Acrobat and provide a version without a title page so that we can assure a blind review.)

LEGAL RESEARCH SESSION, 2004 ATA MIDYEAR MEETING

You are invited to submit for consideration applied tax policy and legal tax research manuscripts for presentation at the 2004 ATA Midyear Meeting, as well as for potential e-publication in the new *The ATA Journal of Legal Tax Research*. All manuscripts must follow the format per *The ATA Journal of Legal Tax Research*. All articles will blind-reviewed.

We encourage submission of research that:

- Proposes improvements in U.S., state and local, or foreign tax systems and unique solutions to tax or fiscal problems
- Discusses improvements in tax policy, tax compliance, or tax complexity
- Identifies, describes, or illuminates important current tax issues
- Critically analyzes recent or proposed legislative or regulatory changes
- Provides critical discussions for strategically structuring transactions, considering tax and nontax ramifications
- Critically analyzes similarities and differences between tax accounting and financial accounting issues

Authors may submit different papers to different Midyear sessions (e.g., *JATA* Conference, Legal Session, etc.). Multiple submissions must be disclosed with the submission. Papers that have been previously published or that have been accepted for publication are not eligible. The deadline for submissions of legal research manuscripts is **November 1, 2003. Three (3) copies** of the papers should be submitted to:

Art Cassill

Chair, Legal Research Committee

Campus Box 2075

Love School of Business

Elon University

Elon, NC 27244

Phone: 336-278-5921

Or, **ONE COPY** via email to: acassill@elon.edu

Manuscripts will be seriously considered for publication in the new *ATA Journal of Legal Research*. If journal acceptance is the primary goal, the paper should be no longer than 20–25 double-spaced pages.

Calls for Journal Submissions

ATA JOURNAL OF LEGAL TAX RESEARCH

The American Taxation Association announces a new electronic journal. *The ATA Journal of Legal Tax Research* publishes creative and innovative studies employing legal research methodologies that logically and clearly:

- identify, describe, and illuminate important current tax issues including the history, development, and congressional intent of specific provisions,
- propose improvements in tax systems and unique solutions to problems,
- critically analyze proposed or recent tax rule changes from both technical and policy perspectives.

The ATA Journal of Legal Tax Research solicits unpublished manuscripts not currently under consideration by another journal or publisher. Each article will be published electronically as soon as the editor, based upon advice from referees, determines that the manuscript meets the objectives and standards set forth by the ATA and the Journal's editorial board.

Manuscripts should be prepared using the style guidelines available from the ATA website, and should include and research instruments (questionnaires, case, interview plan, etc.) that are an integral part of the study. The manuscripts are to be submitted via email to weseago@vt.edu as a MS Word file.

A nonrefundable \$50 fee must accompany each submission. The submission fee may be paid online to AAA or posted to W. E Seago, Pamplin College of Business, Virginia Tech, Blacksburg, VA 24061-0101. Checks are to be made out to American Taxation Association—AAA. Please indicate how the submission fee requirement has been satisfied. Revisions must be submitted within 12 months from notification; otherwise the manuscript will be considered a new submission.

ADVANCES IN TAXATION

Advances in Taxation is a refereed academic tax journal published annually. Academic articles on any aspect of federal, state, local, or international taxation will be considered. These include, but are not limited to, compliance, computer usage, education, law, planning, and policy. Interdisciplinary research involving economics, finance, or other areas also is encouraged. Acceptable research methods include any analytical, behavioral, descriptive, legal, quantitative, survey, or theoretical approach appropriate to the project.

Manuscripts should be readable, relevant, and reliable. To be readable, manuscripts must be understandable and concise. To be relevant, manuscripts must be directly related to problems inherent in the system of taxation. To be reliable, conclusions must follow logically from the evidence and arguments presented. Sound research design and execution are critical for empirical studies. Reasonable assumptions and logical development are essential for theoretical manuscripts.

Three copies of each manuscript, three copies of any and all research instruments, and a \$30 check made payable to *Advances in Taxation* should be submitted to:

Professor Thomas M. Porcano
Department of Accountancy
Richard T. Farmer School of Business Administration
Miami University
Oxford, Ohio 45056
Phone: (513) 529-6221
Fax: (513) 529-4740
Email: PORCANTM@MUOHIO.EDU

JOURNAL OF FORENSIC ACCOUNTING Auditing, Fraud, and Taxation

The *Journal of Forensic Accounting (JFA)* is dedicated to promoting excellence in forensic accounting. *JFA* is an international forum for publication of significant research dealing with investigative and forensic accounting, striving to establish a balance between theoretical and empirical studies. Papers on fraud and fraud auditing, risk assessment, detection of earnings manipulation and tax evasion, bankruptcy studies, GAAP violations, financial statement fraud, internal auditing, and the underground economy are solicited. In addition, papers on particular techniques, technologies, and preventative controls are invited. Submitted research should be grounded in real-world business problems or litigation issues faced by practitioners and entity stakeholders. The audience is academic researchers and educators specializing in forensic accounting, as well as external and internal auditors, process security specialists, and legal, tax, and insurance personnel.

For submission information, please visit the *Journal of Forensic Accounting* website (<http://www.rtedwards.com/journals/JFA/>) or contact the Editor-in-Chief directly:

D. Larry Crumbley
Dept. of Accounting
3106A CEBA Building
Louisiana State University
Baton Rouge, LA 70803

2003 MIDYEAR MEETING AND JATA CONFERENCE

Amy Dunbar, Committee Chair

St. Petersburg welcomed us with warm weather, rain, and finally some sun. The rain kept the 2003 ATA Midyear Meeting attendees at the sessions, so rain can be a good thing. The program was filled with a diverse array of sessions bringing in scholars from outside our “home” discipline as well as noted experts from practice. Check out the program, session material, and photos on the ATA website (<http://www.atasection.org/midyear-meetings/2003/html/ATA-2003-Midyear-Photos.htm>). The presenters graciously provided their material in electronic format. If you could not attend the meeting, you can do the next best thing—check out the links to the material on the ATA website.

The ATA gathering started with legal and technology CPE courses at 8 AM on Friday morning. KPMG instructors once again provided the expert teaching for LLCs and Advance Pricing Agreements. In the technology sessions, John Phillips showed how UConn’s graduate tax classes are taught online. Richard Newmark (Northern Colorado) demonstrated technology tools he uses in classroom teaching, and Steve Thompson (Florida Gulf Coast) wowed us with his use of Flash and other technology.

The **JATA Conference** started at 10 AM, with two presenters and discussants. At lunch, Yvonne Hinson introduced the Ph.D. students and new faculty members. The following Ph.D. students were able to attend the meeting, many because of Ernst & Young’s funding: Julia Brennan (University of Kentucky), Maureen Bruce (University of Wisconsin–Madison), Courtney Edwards, (The University of North Carolina at Chapel Hill), Robert Gary (Arizona State University), Shane Heitzman (University of Arizona), Jennifer Kahle (University of South Carolina, Columbia), Jared Moore (Arizona State University), Jane Mosebach (University of Arkansas), Garth Novack (The University of Arizona), Wendy W. Peffley (Virginia Commonwealth University), Teresa Stephenson (University of Kentucky), and Stacy Wade (University of Kentucky). Our new tax faculty who attended the meeting were Larry Bajor (Bowling Green State University), Diana Falsetta (Northeastern University), Michelle Hanlon (University of Michigan), Mary Ann Hofmann (Andrews University), and Jacco L Wielhouwer (Tilburg University–The Netherlands).

Following lunch, the **JATA Conference** concluded with two more presenters and discussants. At the same time, three legal scholarship papers were presented in the **Legal Scholarship** session. Both conference rooms were then combined for the Tax Shelters blockbuster panel offering a multidimensional view of tax shelters. Joseph Bankman (Stanford University), David Harris (Manager, IRS Office of Tax Shelter Analysis), and Robert Willens (Lehman Brothers) provided us with a great panel discussion of tax shelters.

On Saturday morning, the meeting’s theme, “Extending Our Scholarship beyond the University,” was exemplified by the **Internship and Sabbatical Opportunities** session. Thomas Lee (tax partner with PwC), Scott McQuillan (Campus Recruiting Director for the Great Lakes Region of Deloitte & Touche), Gerald Padwe (Vice President–Taxation of the AICPA), and William Randolph (Director of the International Tax Division of the U.S. Treasury) discussed internship and sabbatical opportunities. In the **Research by New Tax Faculty** session, Robert Yetman and Leann Luna presented their research.

The second Saturday session, **The Changing CPA Exam: Are Your Students Prepared?**, included presentations by Tom Omer (University of Illinois at Chicago) and Tim Rupert (Northeastern University). The **IRS Research** session included presentations by Eric Toder, Director, IRS Office of Research, and Nick Greenia, Statistics of Income, who discussed ongoing projects and existing avenues for collaboration. Don Hallenbeck and John Pointer discussed a Western Region IRS project matching gross receipts for the restaurant industry with California State sales tax gross receipts information.

Our luncheon speaker, Tina P. Johnson, Senior Vice President of Publix, told us how Publix Super Markets, the largest and fastest-growing employee-owned supermarket chain in the U.S., is dealing with the requirements of the Sarbanes–Oxley Act of 2002. Seated at the luncheon tables were various faculty members who have had internship/sabbatical experiences: Barry Broden (Hartford), Dennis Gaffney (LeMoyne College), Sanjay Gupta (Arizona State University), Philip Harmelink (University of New Orleans), Ken Heller (George



Tina P. Johnson discusses the impact of Sarbanes-Oxley Act of 2002 on Publix Super Markets.

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2003 Midyear Meeting *(continued from page 12)*

Mason University), Larry Kowalski (Bowling Green State University), Alan Macnaughton (University of Waterloo), Gary McGill (University of Florida), John McGowan (St. Louis University), Roby Sawyers (North Carolina State University), and Marty Wartick (University of Northern Iowa).

The four afternoon sessions (see http://www.atasection.org/mid-year-meetings/2003/html/midyear_photos-Saturday-afternoon-sessions.htm), were **Education Research, Teaching Tax in Graduate Programs, The Stock Options Deduction, and Using Images and Animations in Teaching**. Michael Roberts (The University of Alabama), Tracy Noga (Suffolk University), Judith Sage (Chicago State University), and Lloyd Sage (Governors State University) presented their education research. Shelley Rhoades-Catanach (Villanova University) presented the results of a survey of ATA members <http://www.sba.uconn.edu/forms/accounting/survey.htm>), which asked questions about tax offerings in master of accounting, master of tax, master of business administration, and Ph.D. programs. Michele Hanlon and Doug Schackelford presented their research in the stock



Amy Dunbar, chair of this year's Midyear Meeting Committee, receives a clock in recognition of the Committee's efforts.



ATA President Beth Kern, presents longtime ATA supporter and food and beverage guru, Marty Escoffier, an apron saying "ATA Chef."

(The University of Texas at Austin), and Tim Rupert (Northeastern University).

ATA is grateful for the KPMG funding that supports our midyear meeting. We could not host the meeting without KPMG's help! The 2004 ATA Midyear Meeting and JATA Conference will be held at the Westin Tabor Center, Denver, Colorado, on February 27-28. Mark your calendars!

Call for Journal Submission

OIL, GAS & ENERGY QUARTERLY

The *Oil, Gas & Energy Quarterly* publishes articles by specialists and educators on a quarterly basis. The manuscripts should explore the most significant current developments in oil and gas taxation, accounting, finance, and economics. Severance and excise tax issues and important state tax developments are appropriate topics. Other natural resources articles are also requested (e.g., coal, timber). Research studies derived from empirical and analytical methodologies are encouraged.

For submission information, please visit the *Oil, Gas & Energy Quarterly* website (<http://www.bus.lsu.edu/accounting/faculty/lcrumbley/oilgas.html>) or contact the editor directly:

D. Larry Crumbley, Editor; Dept. of Accounting ; 3106A CEBA Building ; Louisiana State University; Baton Rouge, LA 70803

2003 Annual Meeting Program

Monday, August 4, 10:15–11:45

ATA Business Meeting

Monday, August 4, 12:00–1:45

ATA Luncheon

Speaker: Larry Langdon, Commissioner, Large and Mid-Size Business Division, Internal Revenue Service

Monday, August 4, 2:00–3:30

Session Title: **Corporate Tax Research**

Moderator: Amy Dunbar, University of Connecticut

Paper 1: *Germany's Repeal of the Corporate Capital Gains Tax: The Equity Market Response*
Courtney H. Edward, The University of North Carolina at Chapel Hill
Mark H. Lang, The University of North Carolina at Chapel Hill
Edward L. Maydew, The University of North Carolina at Chapel Hill

Paper 2: *The Valuation Relevance of Reversing Deferred Tax Liabilities*
Douglas A. Shackelford, The University of North Carolina at Chapel Hill

Paper 3: *An Analysis of the Tax-Rate Differential between Ordinary and Capital Gains Tax Rates and Its Effect on the Structure of Corporate Payouts*
Richard C. Sansing, Dartmouth College
Teresa Lightner, Texas Tech University

Discussant: Linda Krull, The University of Texas at Austin

Tuesday, August 5, 10:15–11:45

Session Title: **Behavioral Tax Research**

Moderator: Stacy Wade, Western Kentucky University

Paper 1: *Are Reviewers' Judgments Influenced by Preparers' Selective Documentation and Framing in Tax Research Memoranda?*

John A. Barrick, Brigham Young University
C. Bryan Cloyd, University of Illinois at Urbana-Champaign
Brian C. Spilker, Brigham Young University

Paper 2: *Tax Compliance Behaviors and Risk: An Examination of the Impact of Risk Propensity on Taxpayer Responsiveness to Audit Flags*

John J. Masselli, Texas Tech University
Robert C. Ricketts, Texas Tech University

Paper 3: *Empirical Evidence On Taxpayers' Perceptions of their Marginal Tax Rates*

Jeffrey A. Pittman, Memorial University of Newfoundland
Pauline Downer, Memorial University of Newfoundland
Alan Macnaughton, University of Waterloo

Discussant: Diana Falsetta, Northeastern University

Tuesday, August 5, 4:00–5:30

Session Title: **Policy Issues in Taxation**

Moderator: Sharon Cox, Ohio University

Paper 1: *Employee Stock Options, Corporate Taxes, and Debt Policy*
Douglas A. Shackelford, The University of North Carolina at Chapel Hill
John R. Graham, Duke University

Paper 2: *Distribution Policies of Private Foundations*

Mark, H. Lang, The University of North Carolina at Chapel Hill
Richard C. Sansing, Dartmouth College
Robert J. Yetman, The University of Iowa

Paper 3: *Tax Evasion Incentives and the Earned Income Tax Credit*

Shelley C. Rhoades-Catanach, Villanova University
Robert Halperin, University of Illinois at Urbana-Champaign
Discussant: Michelle Hanlon, University of Michigan

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2003 Annual Meeting Program

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Wednesday, August 6, 10:15–11:45

- Session Title: **Behavioral Tax Research II**
Moderator: Janet Trewin, Drexel University
- Paper 1: *Perspectives, Perceptions, and Taxpayer Behavior*
Scott B. Jackson, University of South Carolina
Rick C. Hatfield, The University of Texas at San Antonio
- Paper 2: *The Effects of Friendly Persuasion and Gender on Tax Compliance Behavior*
Janne Chung, York University
Shanker Trivedi, York University
- Paper 3: *Moral Suasion, Anonymity, Home Decision Making, and Tax Compliance: A New Experimental Approach*
V. Umashanker Trivedi, York University
- Discussant: Jon Perkins, University of Illinois

Wednesday, August 6, 2:00–3:30

- Session Title: **Tax Research Using Panel Data**
Moderator: John Phillips, University of Connecticut
- Paper 1: *Taxation and Reinsurance in the U.K. Life Insurance Industry*
Mike Adams, University of Wales Swansea
Hong Zou, University of Wales Cardiff
- Paper 2: *Choice of Inventory Valuation Method and the Self-Selection Bias*
Pervaiz Alam, Kent State University
Eng Seng Loh, Caterpillar, Inc.
- Paper 3: *An Investigation of Rational Expectations Framing Effects on Participation in Individual Retirement Accounts Using Tax Return Data*
Charles R. Enis, Pennsylvania State University
- Discussant: Christine Bauman, University of Wisconsin–Milwaukee

Wednesday, August 6, 4:00–5:30

- Session Title: **Firm Financial Structure and Taxes**
Moderator: Julia Brennan, University of Massachusetts Boston
- Paper 1: *The Effects of the Cost of Foreign Internal Funds on Firms Financing Choice of Debts vs. Internal Funding*
Susan M. Albring, Syracuse University
- Paper 2: *An Empirical Investigation into the Impact of Capital Gains Tax on Investor Behavior*
Dean Hanlon, LaTrobe University
Sean Pinder, University of Melbourne
- Paper 3: *Diversification and Taxes: Evidence from the Taxation of Capital Gains and Losses*
Douglas A. Shackelford, The University of North Carolina at Chapel Hill
Richard J. Rendleman
- Discussant: Connie Weaver, The University of Texas at Austin