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Foreword



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Dear Reader,

Last fall the Nordic Tax Research Council decided to convert its annual yearbook into a semi-annual scientific tax journal – the *Nordic Tax Journal* – in hopes of facilitating and strengthening co-operation among tax researchers in the Nordic countries. Our goal is to promote co-operation among researchers in different countries and various fields of taxation – legal research, economic research and social science research, to use broad terms. The *Nordic Tax Journal* is aimed primarily at readers with interest in the tax research community, thereby differentiating it from other Nordic tax journals.

The objective of the *Nordic Tax Journal* is to publish the best tax research being conducted in the Nordic countries. We have developed an ambitious peer-review policy, which guarantees the high international standard of all our peer-reviewed articles, a standard that is fundamental to our goal: to become a top academic journal in the relevant scientific publication indexes. Within the not-so-distant future we expect our subscription numbers to exceed the ten thousands and for our web-based concept to develop into a highly attractive product for our readers and for our present and potential authors.

The *Nordic Tax Journal* explicitly strives to be a virtual venue for a broad spectrum of Nordic tax research, and we are pleased to present this, our first issue. On the following pages you will find articles on direct and indirect taxation by economic and legal scholars who represent four of the five Nordic countries. Following is a short synopsis of our five sections: Peer-Reviewed Articles, Articles, Book Reviews, New Literature and Tax News.

Peer-Reviewed Articles

Scholars regularly express differing opinions on the quality and possible effects of new tax legislation. A solid, scientific basis for such opinions is experience of and knowledge about past legal acts – knowledge about our tax history. Thus, Magnus Henrekson and Gunnar du Rietz's article, 'The rise and fall of Swedish wealth taxation', represents a key contribution to future tax research, as it accurately presents the evolution of modern Swedish wealth taxation from its introduction in 1911 until its abolishment in 2007. Various wealth-taxing methods, valuation methods and tax rates are illustrated and presented over time in relation to hypothetical tax payers, representing owners of individual fortunes and owners of family firms. Convincing statistics from the first years of this millennium, illustrating the paradox of rapidly growing Swedish aggregate household net wealth and rapidly decreasing wealth tax revenues clearly indicates the difficulty of defining a relevant tax object for wealth taxation and is used to explain the final abolishing of Swedish wealth taxation.

As reports on the aggressive tax strategies of multinational enterprises (MNEs) increase in number, the number of discussions on corporate social responsibility (CSR) in relation to corporate taxation grows as well. Because there have been few scientific contributions on this topic, we are pleased to present Reijo Knuutinen's article 'Corporate social responsibility, taxation and aggressive tax planning'. Knuutinen presents CSR from historical and philosophical viewpoints while presenting the complexity of defining and establishing relevant perspectives on such vital elements as company, taxes, tax planning and responsibility. He also discusses how these elements are handled in current legal projects against aggressive tax planning in the OECD and the EU. Knuutinen's article should inspire more research within this highly relevant and theoretically complex area.

Articles

In 'Policy evaluation methods in tax research – new evidence and interpretation', Jarkko Harju provides a short resume of his dissertation in Economics. Harju notes the importance of efficient tax law and argues that this efficiency may be advantageously evaluated based on empirical research. A recent development in empirical methods has considerably increased the credibility of empirical research, Harju argues. He also sees great potential for more empirical tax research within the Nordic countries, given the existing comprehensive register data sets. The conditions for this research could be developed even

more by actively involving tax policy makers and administrative institutions. The four study examples in his dissertation are also presented in the article, generally relating to tax policies in the Nordic countries. Harju's empirical evaluation of Finland's 2010 VAT reduction for restaurants may be of particular interest to Swedish policy makers, particularly for the ways in which the reduction has stimulated employment in that sector.

The taxation of an increase in individual wealth from gifts or inheritance has traditionally been excluded from income taxation in the Nordic countries and handled through separate tax legislation. Without special legislation, an increase in wealth through gift or inheritance may be taxed at the estate, or when consumed by the heir or receiver of the gift. In the latter case, it is necessary to include the principle of continuity in the income taxation. This is what Norway has recently done. Thus, in the article 'Generation shifting and the principle of continuity in Norwegian tax law', Frederik Zimmer offers an in-depth analysis of the new Norwegian rules on continuity.

Finally, in '*Subjektafgrænsning i det fælles europæiske momssystem – En trist rejse fra FCE Bank til Crédit Lyonnais*', Dennis Ramsdahl Jensen analyses relevant ECJ case law in relation to the definition of a taxable entity in the EU's VAT Legislation. His thorough analysis argues that case law from the ECJ is influenced by private law when the Courts are interpreting this legislation. The Courts are less likely to rely on private law in certain situations however – in cases of abusive tax planning, for example. The logic of the presented case law is challenged by the controversial *Le Credit Lyonnais* (2013) Case C-388/11, a case that Ramsdahl Jensen finds extremely troublesome.

Book Reviews

To provide an orientation to research conducted in the Nordic countries and to inspire improvements in the quality of future research, the *Nordic Tax Journal* will be recurrently publishing researcher's views on other researcher's publications:

Robert Pålsson presents a propitious book review of Joacim Frände's dissertation, 'Dual Residence in the Taxation of Individuals'. Frände has analyzed the legal causes and consequences of an individual in a residency situation considering an unlimited tax which is liable in more than one state. Pålsson demonstrates that Frände's extensive work contains an in-depth analysis of relevant Finnish tax law and qualified comparisons in relation to similar tax legislation in the Nordic countries and to general tax-treaty regulations.

Jan Pedersen has thoroughly reviewed Kaspar Bastian's book *Omgørelse – Skatteforvaltningslovens § 29*, offering insight into a type of tax regulation with which most of our readers are likely unfamiliar: alteration. Alteration can be defined as a safety valve in Danish tax law. The need for alteration is raised when a tax payer finds that a particular agreement or disposition triggers an unexpected and unforeseen tax that could have been avoided either if the transaction were classified differently when first agreed upon or if the transaction had not been completed. The alteration involves the tax authorities making a subsequent amendment to or repeal of the relevant transaction as it is regulated in private law. The action of the tax authorities has corresponding tax effects, with retrospective powers.

Less than a year before the presentation of a Swedish Governmental Official Report concerning advance tax ruling, Roger Persson Österman published the first of his two planned books on advanced tax ruling in Swedish income taxation: *Förhandsbesked i skattefrågor*. In her review of this book, Eleonor Kristoffersson finds it to be a rewarding scientific contribution to the area of Swedish tax procedure. Some criticism is advanced, however, concerning the fact that Österman fails to compare the Swedish institute to similar institutes in Luxembourg and the Netherlands, for example. We expect to find this issue expanded upon in Persson Östermans forthcoming work.

Prior to the financial crisis of 2008, global warming was one of the most widely discussed political subjects worldwide. One way of dealing with global warming is to tax pollution, just as income and transactions are taxed. Jette Thygesen provides an informative and useful review of Sebastian House's dissertation, *CO₂-beskatning – I et EU-retligt og nationalt perspektiv*. House's dissertation has clearly helped to open up this new area of tax research, in which EU regulations are vital – the TEFU-rules on state aid and the European Union Emissions Trading System (EU ETS), for example, together with the relatively new normative point of departure in the polluter-pays principle.

Through Roger Persson Österman's review of Martin Berglund's dissertation, *Avräkningsmetoden – En skatterettslig studie om undvikande av internationell dobbelbeskatning*, we can observe the way a traditional legal positivist (Österman) perceives the work of someone with a slightly different view of the legal positivism (Berglund). Österman's extensive review is written in an appreciative spirit, and clearly highlights the worth of Berglund's work, which, within an in-depth study of the tax credit mechanism, includes analyses of the income concept, the ability-to-pay principle and transnational income taxation.

New Literature

Our section on new literature contains an informative review of a recent Swedish anthology on perspectives on a highly requested Swedish tax reform: *En skattereform för 2000-talet – elva röster om hur Sverige får ett bättre skattesystem*. The reviewer, Mats Bergstrand, who is also the editor of the book, briefly presents the viewpoints of the eleven contributors, while fitting in some reflections on the relationship between the Swedish tax system on the one hand and Astrid Lindgren and ABBA on the other hand.

Tax News

Finally, our section on tax news presents new legislation and case law from the Nordic countries. Here the reader can learn about the relatively radical reduction of the Finnish corporate income tax rate, for example, and how the Finns financed that reduction by broadening the income tax base. The Swedish news report focuses on legal changes within the area of indirect taxation, which refers to the EU VAT Directive and relevant case law from the ECJ. Finally, in the extensive news report from Denmark, much attention is paid to tax effects following the government's plan for the country's growth. Besides a gradual lowering of the corporate tax rate, it is noteworthy that a lowering indirect taxation on energy – fuel and electricity, beer and soft drinks – have offered incentives for growth.

Good reading,

Axel Hilling
Editor