# Tax Evasion in the Digital Age

*Seminar Market Design and Behaviour*

Instructor: Dr. Daniel Weishaar

WS 2026/2027 — University of Cologne

## Course Description

Tax evasion is as old as taxation, but the digital economy is changing both how it happens and how governments fight it. On one side, electronic payments, third-party platform reporting, and algorithmic audit selection give tax authorities powerful new tools to detect and deter evasion. On the other, globalized capital flows and emerging asset classes such as cryptocurrencies open new avenues to hide income and wealth from the state.

This seminar studies these opposing forces through recent empirical research on tax evasion, compliance, and enforcement. It is divided into two introductory lectures and six presentation sessions. The lectures introduce the key theoretical framework for analyzing tax evasion and discuss the incentives of the central actors: taxpayers, who weigh the returns to evasion against the risk of detection; third parties, whose records make income visible to the authority; and a government that designs the enforcement environment. In the presentation sessions, students each present a recent empirical research paper and lead the discussion of its methods, findings, and policy implications. In a written report, students develop the policy implications further by providing structured recommendations for a concrete policy scenario.

## Logistics

**Meeting time:** Wednesdays, 08:30–11:30
**Location:** [room TBD]
**Material:** Available through ILIAS

## Contact

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| Date | Topic |
|---|---|
| 21.10.2026 | **Lecture I** — Introduction into the topic |
| 28.10.2026 | **Lecture II** — Introduction into the topic |
| 06.11.2026 | *Deadline: exam registration (KLIPS) and submission of your preferred topics* |
| 11.11.2026 | *Allocation of topics and presentation dates* |
| 02.12.2026 | **Block A** — Third-party reporting and the information trail |
| 09.12.2026 | **Block B** — Tax morale and behavioral compliance |
| 16.12.2026 | **Block C** — Audits, enforcement and algorithmic administration |
| | *Christmas break* |
| 13.01.2027 | **Block D** — Digital payments, e-invoicing and the VAT |
| 20.01.2027 | **Block E** — Offshore evasion and the top |
| 27.01.2027 | **Block F** — Crypto and new frontiers |
| 29.01.2027 | *Allocation of policy scenario* |
| 05.03.2027 | *Deadline: submission of your reports* |

## Examination

The combined examination consists of the **presentation (40 %)** and a written **report (60 %)**.

**Assigned paper:** You will be assigned one research paper from the provided list, taking your preferences into account. Your assigned paper will be the focus of your presentation and serve as the starting point for the report.

**Discussant:** In addition to your assigned paper, you will be matched with one other participant as their discussant. As a discussant, you are required to read your partner's assigned paper and present its key message in a short presentation (at most 3 slides). In this short presentation, you should clarify and rephrase the main message of the paper, provide additional critical assessment and context, and raise first questions to start the general discussion.

**Policy scenario:** The report goes beyond the aspects covered in the presentation. You will receive a policy scenario that takes the question of your assigned paper into a different setting.

## Presentation

You will present your assigned paper. Your objective is to (i) become the absolute expert on the assigned research paper, and (ii) to be able to communicate the research paper to (non-)experts in a clear, simple, and concise way. This is a challenging task, because you need to understand the details of the assigned paper while being able to select the most relevant insights and present the essence of the paper in an understandable way. Your presentation should cover the following questions (not necessarily in this order or line of division):

1. **Motivation:** What is the topic about? Why is it important from an academic perspective and/or for policy and market design? What is the concrete research question?
2. **Previous work and positioning of the paper:** What was the state of the literature before this paper? What gap in the literature does the paper fill? What is the unique selling point (new method, better data, different context)?
3. **Context and data:** Which institutional setting does the paper look at, and why is that setting informative? What data are used (source, unit of observation, sample, period)?
4. **Method and identification:** How did the authors try to answer the research question? What is the source of variation, and what is the counterfactual? What are the specific identifying assumptions, and how do the authors support them?
5. **Results:** What did the authors find? Are results economically/statistically significant?
6. **Critical Assessment:** Are the identifying assumptions plausible? Where are the weak spots of the paper? Is the evidence particular to this setting or generalizable?
7. **Conclusion and policy implications:** What is the main take-away of the paper from an academic/policy perspective? Which future research questions does the paper raise?

**Presentation sessions:** Each paper will be covered in 35 minutes. As the main presenter, you have 20 minutes for your presentation. The discussant's small presentation lasts 5 minutes. 10 minutes are reserved for open discussion. All students are required to actively participate in all sessions, contribute their thoughts, and ask questions.

You should send the main presentation slides to the instructor and discussion partner 48 hours in advance. As a discussant, you should send the instructor the slides at least 24 hours in advance.

## Report

You will write an evidence-based policy assessment in response to an individual policy scenario, allocated on 29 January 2027. The scenario asks you to advise a policy-maker, e.g., a ministry or tax administration, on a concrete problem related to your assigned paper, but might refer to a different country, population, institutional setting, or technological environment.

The expert report is thus an exercise in transfer, not summary. You need to combine knowledge acquired during all parts of the seminar (assigned paper, lectures, fellow student presentations) with research on the context of the policy scenario to explain and justify your recommendation.

**Structure and length.** The report should not exceed 2,500 words (≈5 pages), excluding bibliography. Open with a short **executive summary**, in which you state your recommendation and its main justification. A reader who stops there should still have your answer and your main reason for it. The body of the report shall then cover the following elements.

1. **Decision context and policy question:** Define the policy question precisely by stating who is deciding, what decision must be made, the objective, and the target population. Describe the status quo, the relevant institutional setting, and the policy alternatives under consideration.

2. **Economic rationale and empirical evidence:** Explain how economic theory informs the policy question and summarize the relevant empirical evidence, focusing on your assigned paper and complementary studies. Discuss the main findings, underlying mechanisms, and the strength of the evidence, including conflicting results where relevant.

3. **External validity and applicability:** Assess how well the available evidence transfers to the policy context under consideration. Compare the study setting with the policy environment, identify key similarities and differences, and discuss threats to external validity.

4. **Policy analysis and implementation:** Evaluate the likely effects of the proposed policy in the given context. Discuss behavioral responses, including intended and unintended margins of adjustment, administrative and compliance costs, distributional consequences, implementation challenges, and potential risks or adverse effects.

5. **Recommendation:** Based on the preceding analysis, recommend whether the policy should be adopted, modified, piloted, deferred, or rejected. Justify the recommendation, outline key implementation steps and safeguards, and specify what future evidence or outcomes would warrant revising or discontinuing the policy.

**Submission.** Send your report via email to the instructor as a PDF by 5 March 2027, 23:59.

## Use of AI-Tools

You are encouraged to use AI tools, including LLMs, at any stage of your work. They can be useful for exploring the literature, testing arguments, and refining your writing, but the ideas, analysis, and critical judgment must be your own. LLMs often produce plausible but inaccurate text and may invent references, so you must verify all factual claims, numbers, and citations against primary sources. LLM output is not a citable source. You are fully responsible for everything you submit, and plagiarism, including presenting AI-generated output as your own analytical contribution, is not tolerated. Unverified factual errors or fabricated references will weigh significantly against your grade.

## Registration for Examination and Choice of Topic

If you decide to take the course officially, you need to **sign up for the examination (on KLIPS) and send an email to the instructor by 6 November 2026, 23:59**. In the email, indicate your preferences for the topics from the provided list by ranking them from the most to least preferred. In case you do not assign a rank to some topics, I will assume that they are the least preferred and you are indifferent between them. Please send your preferences as a vector of numbers of topics, e.g., 3, 1, 11 (topic 3 is the most preferred, 1 is second, 11 is third, and you are indifferent between the remaining ones). Topics are assigned using *randomized serial dictatorship*. Your registration for examination becomes binding on 6 November 2026.

## Topics and Literature

The list of topics, and copies of the respective research papers will be provided at the end of September through ILIAS.