

Taking the tax temperature in our universities

Any medic will tell you that sometimes, the only way to make a diagnosis is to open up the patient and have a look inside. Part of the remit of the CIOT's Education Committee is to foster links with tax academics and promulgate the study of taxation in the higher education sector. Anecdotal evidence was suggesting that perhaps taxation is not being taught as widely as it used to be, particularly in law departments. In order to establish an up to date picture of the state of tax teaching within the UK higher education sector I was asked to carry out a brief survey. The objectives of the survey were to establish the extent to which taxation is offered as a subject for degree level study within the UK higher education sector and, where possible, to establish whether the subject is in decline.

## **HOW THE SURVEY WAS CARRIED OUT**

The UCAS website was used to extract lists of all UK higher education institutions offering degree courses in law, accountancy or economics. This database was then refined by visiting individual institution websites for more precise details of the school/department in which the relevant course was offered.

Short (two sides) postal questionnaires were sent to each school/department accompanied by a covering letter on CIOT headed notepaper from the Chairman of the Education Committee. Prepaid reply labels were enclosed. Details were also supplied of how to obtain an electronic version of the questionnaire. After 8 weeks, follow up letters were sent along with a further copy of the questionnaire and reply paid envelope.

The postal questionnaire produced an overall response rate of around 60%. A supplementary exercise was then carried out on the remaining 40%. This consisted of visiting the websites of the non-respondent institutions to determine simply if there was any indication of whether taxation was offered as a subject for study within the relevant degree courses. Most institutions include on their websites study outlines for their degree courses indicating the subjects to be studied in each year of the degree. The weakness in this method is that whilst an institution may advertise that a particular subject is offered as an option (e.g. taxation) there is no guarantee that the option is, in practice, taught. Most institutions would only run option subjects subject to demand or staff availability. The results from this part of the survey do not therefore tell us that taxation is taught at a particular institution, only that the institution holds itself out as offering taxation as a subject for degree level study.

## SUMMARY OF RESULTS

Table 1: Results of the combined exercise (postal questionnaire and website searches)

	Number of university departments			
	Law	Accounting	Economics	Total
Tax taught	49	77	31	157
No tax taught	54	21	57	132
Position unclear	6	2	0	8
TOTAL departments surveyed	109	100	88	297

Taxation is most often taught in accounting departments although it is still widespread in law departments. There are several possible reasons for the prevalence of taxation within accounting departments. Firstly, previous survey work[?] has shown that most of the staff in accounting departments are professionally qualified accountants who would have had a substantial element of tax exposure as part of their professional training and thus be familiar with the subject. Secondly, demand from students tends to be high for taxation courses due to the availability of exemptions from papers in professional examinations, e.g. ACCA Paper 2.3, CIMA Business Taxation. Both these elements are absent in law and economics departments. The Legal Practice Course for prospective solicitors does contain some elements of taxation but not on the same scale as that undertaken by students studying for ACCA, ACA or CIMA. [?]

The results from economics departments show that it is usually taught as a small element of other courses (e.g. Public Finance) where it may typically occupy two or three weeks in the teaching schedule in total. No economics department's website searched revealed evidence of tax teaching. From the information received in the postal questionnaires it is most likely that taxation does not get a mention on the websites because it is taught as a relatively minor element of another subject, e.g. public finance. The evidence from the website search is therefore considered unreliable for economics departments.

## RESULTS OF THE POSTAL QUESTIONNAIRE

**Table 2: postal questionnaire results**

	Law	Accounting	Economics	Total
Number of departments surveyed	109	100	88	297
Responses received to date	63	60	50	173
% response rate	58%	60%	57%	58%
Tax taught	36	52	31	119
% of those responding	57%	87%	62%	69%
No tax taught	27	8	19	54
% of those responding	43%	13%	38%	31%

The response rate

The response rate is high for a postal questionnaire. Reasons for non-response are likely to be:

- No tax is taught, therefore the institution has little interest in finding the time to return the questionnaire.
- The administrative systems within universities are not always so efficient as those in the private sector so that when an item outside the usual business of the school/department arrives, particularly one with no revenue impact, it is likely to receive low priority.
- University staff are under considerable day to day work pressures and few are provided with secretarial support so the questionnaire might be seen as low priority and be shelved.

The first possible reason is tested in the section on the supplementary internet research. This supplementary research improves the completeness of the results.

The other two are merely the author's own observations and may be anecdotal.

First or higher degrees?

Table 3: institutions offering tax courses within degree programmes

	Number of institutions			
	Law	Accounting	Economics	Total
undergraduate level only	16	43	24	83
postgraduate level only	8	1	1	10
undergraduate AND postgraduate	12	8	6	26
	36	52	31	119
Total teaching at undergrad level	28	51	30	109
Total teaching at postgrad level	20	9	7	36

Tax at postgraduate level appears more prevalent in law departments. Legal Practice Courses were excluded from the numbers as they are a professional as opposed to an academic qualification. The differences may simply be because there is more postgraduate teaching generally in law departments than in accounting departments.

Table 4: information on individual undergraduate tax courses

	Law	Accounting	Economics	Total
No of institutions offering tax	36	52	31	119
No of undergraduate courses offered	38	92	30	160
Of which:				
compulsory	5	32	9	46
optional	33	60	21	114
TOTAL	38	92	30	160
Duration of courses				
whole academic year	17	24	3	44
Semester (usually 12-15 weeks)	21	63	9	93
shorter	0	5	18	23
TOTAL	38	92	30	160

It is common for accounting departments to offer multiple tax courses, often as a series of semester length option courses which may be taken sequentially by the student.

Where courses are optional, as with most of the courses in law departments, it is difficult to collect data on the popularity of these options and whether they are run every academic year.

The majority of taxation taught in economics departments consists typically of a series of three or four weeks of lectures as part of a course in Public Finance, although there are a few notable exceptions to this rule.

## Evidence of a decline in departments teaching taxation?

Respondents reporting no tax teaching were asked if any of their degree courses had included the study of taxation in the past and, if so, to give reasons why tax was no longer taught. This was an open question.

Table 5: history of tax teaching where not now taught

	Law	Accounting	Economics	Total
No tax presently taught	27	8	19	50
Tax taught in the past?	12	3	5	20
Reasons why tax was dropped:				
Staff now retired	6	2	2	10
No staff available	3	0	0	3
No student demand	9	1	3	13

These results seem to bear out our suspicion that there is a decline in tax teaching within law departments in particular. However, without further research into the other 27 law departments identified from the supplementary internet research as not teaching taxation, the information available is incomplete.

The identification of “no student demand” as a reason why tax was dropped is quite interesting. It could be that when the study of revenue law ceased to be a compulsory part of the syllabus for the Bar Exams during the 1980s there ceased to be any demand for the subject within law degrees from students wanting to gain exemption from that part of the examination. Students tend only to actively demand courses which a) they know exist and b) which have well defined benefits for them in terms of career prospects and/or professional exemptions.

## Information on individual postgraduate courses

Table 6: individual postgraduate courses

	Number of courses			
	Law	Accounting	Economics	Total
Postgraduate No of postgraduate tax courses offered	36	13	7	56
of which				
compulsory	1	7	1	9
optional	35	6	6	47
	36	13	7	56
Duration of courses				
whole academic year	24	0	0	24
Semester (usually 12-15 weeks)	11	13	1	25
shorter	1	0	6	7
	36	13	7	56

The high number of postgraduate courses on offer compared to the number of institutions offering tax at postgraduate level is accounted for by the multiple postgraduate options offered in the law departments at LSE and Queen Mary and the multiple courses, compulsory and optional in the Finance & Law School at Bournemouth University.

## RESULTS OF SUPPLEMENTARY INTERNET RESEARCH ON NON-RESPONDENTS

Table 7: internet search results

	Law	Accounting	Economics	Total
University web sites searched	46	40	38	124
Tax teaching apparent from website	13	25	0	38
No tax teaching apparent from website	27	13	38	78
Position unclear	6	2	0	8
TOTAL	46	40	38	124

The interpretation of this data is important. If an institution has set out on its website details of the subjects to be studied year by year in the degree course and if taxation does not appear amongst those subjects, then it is highly likely that taxation is not taught in that degree. Thus the figures for the combined research for the totals of departments not teaching taxation are likely to be quite accurate for law and accounting departments. Note however that the reason that the postal questionnaires to economics departments produced a reasonably high level of positive responses whilst the internet searches produced none is that tax is usually embedded as a short element within another course in economics departments and so does not merit separate mention on the website. Reinforcing the view that the internet data for institutions not offering taxation in law and accounting departments is likely to be accurate is the fact that a fair number of non-respondents to the postal questionnaire were smaller higher education institutions as opposed to universities. It is considered unlikely that such institutions would have the resources to offer courses in taxation.

However, if an institution does set out in its website that taxation is offered as an option then this is no guarantee that that option is “live”. It is not unknown for universities to offer impressive lists of option subjects on paper whereas in reality a much smaller core list of subjects is regularly taught. Thus the positive results of the internet searches should be viewed with some caution.

## What do they teach?

This was an open question on the postal questionnaire with respondents asked to outline the main content of their courses. The table below gives results for the number of times a particular topic was mentioned. Not all respondents supplied this information and the number of courses for which data was available is given at the top of the table. No information was gathered during the supplementary internet research as the websites do not go into this level of detail.

Table 8: content of undergraduate level courses

Topic	Law	Accounting	Economics	Total
Number of courses for which information available	34	82	27	143
Introduction to taxation	17	53	18	88
IHT	17	34	0	51
CGT	19	31	0	50
Anti-avoidance	4	4	0	8
International	1	11	0	12
Income Tax	25	66	0	91
Corporation Tax	7	53	0	60
Agricultural tax	0	0	0	0
VAT	3	40	0	43
Tax & human rights	1	0	0	1
Investigations	1	0	0	1
Tax and accounts	3	0	0	3
Tax policy	1	13	21	35
Stamp Duty	1	0	0	1
Planning	0	13	0	13
Public Finance	0	0	18	18
Optimal Taxation	0	0	9	9
Local Taxes	0	0	3	3

There is more emphasis on personal and capital taxes within law departments. VAT is widely taught in accounting departments but hardly at all in law departments. Even in accounting departments, the typical one year tax course would only include a few sessions on VAT. Unsurprisingly, the teaching in economics departments is concentrated on policy aspects rather than on the detail of individual taxes.

Table 9: Content of postgraduate courses

Topic	Law	Accounting	Economics	Total
Number of courses for which information available	33	13	5	51
Introduction to taxation	3	5	3	11
IHT	3	4	0	7
CGT	4	2	0	6
Anti-avoidance	4	1	1	6
International	6	6	0	12
Income Tax	7	4	0	11
Corporation Tax	6	3	0	9
Agricultural tax	1	1	0	2
VAT	3	2	0	5
Tax & human rights	0	0	0	0
Investigations	0	0	0	0
Tax and accounts	0	1	0	1
Tax policy	1	5	4	10
Stamp Duty	0	1	0	1
Planning	0	0	0	0
Public Finance	0	0	5	5
Optimal Taxation	0	0	2	2
Local Taxes	0	0	0	0
Tax harmonisation	0	0	1	1

There are not enough courses to make any generalisations here, but international tax does seem to be fairly popular. Five of the postgraduate courses in law departments concentrated solely on international tax as did three of the courses within accounting departments. This may reflect the general profile of the UK postgraduate student population which contains a high proportion of overseas students.

## CONCLUSIONS FROM THE SURVEY

Taxation is widely offered in UK universities but usually only as a minor part of degree courses in other subjects. Undergraduates typically study between four to six courses a year, or four modules during each of two semesters during the academic year. Taxation usually only accounts for one course/module and even then it is likely to be optional. This may be contrasted with the subjects of law and accountancy, which are offered as degree courses in their own right in most universities, with many universities offering many permutations on the basic law or accountancy degree.

There is no evidence of a decline in the subject within accounting departments. This is probably due to the fact that courses which provide exemptions from professional examinations are popular with students, even if only as an insurance policy should they decide to take the relevant professional qualification. There is also the question of ability to teach the subject: many staff in accounting departments are qualified accountants who have a reasonable grasp of the subject, whereas staff in law departments would generally have had less exposure to the subject.

Whilst not addressed directly in the questionnaire, the approach to the subject may, to some extent, be gauged from the course content and the text used. The prevalence in accounting departments of courses where the content consists of introduction, income tax and corporation tax and the nature of the textbook most commonly used textbook suggests that the subject is being approached from a computational rather than a discursive or legal standpoint. Perhaps this is a wasted opportunity, as few tax advisers in practice have the luxury of being able to sit back and think about taxation from an academic viewpoint, considering the whys and wherefores rather than the “how much and is there any way we can we reduce it” which is quite rightly demanded of us by clients. Our UK tax system is labyrinthine and we need people who can appreciate the wider picture in order to achieve successful tax reforms in the future.

Where next for the CIOT and universities?

One area which may be growing is in the provision of taxation at postgraduate level. It is well known that the undergraduate student population in the UK is not increasing year on year to any great extent. Universities wishing to expand their student base can profitably do so by expanding their provision of taught postgraduate degrees and we may see more postgraduate courses in taxation appearing. The CIOT is presently developing the Advanced Diploma in International Taxation and it is anticipated that there will be input from universities into this.

To encourage academic staff to produce research into tax-related matters the CIOT is co-sponsoring the 2002 Tax Research Network Conference which is being held at Cambridge University on the 5<sup>th</sup> and 6<sup>th</sup> of September and which is attended by many lecturers and researchers from the UK and overseas with an interest in taxation as well as by representatives from the Inland Revenue and by practicing tax advisers with an interest in the academic side of their subject.

The CIOT has also written to its member academics this year encouraging them to write for this journal and is also considering the possibility of small scale funding for research projects.

The study of taxation at university level may become more popular in the medium term when the any effects of the compulsory teaching of Citizenship from September 2002 at secondary school, including the tax system, start to filter through into the choices of university applicants. (You may know that the CIOT is currently producing a video and written teaching materials specifically for use by teachers of Citizenship). One reason for the lack of popularity of taxation as a degree subject or as an option choice on a degree course in another subject is not so much negative student perception of the subject of taxation but rather a lack of any perception of the subject at all. These teaching materials for schools being provided by the CIOT for Citizenship may well be highly influential on the whole future of taxation as an academic subject.

Angharad Miller FCA ATII MILT is a Senior Lecturer in Taxation at Bournemouth University and is a member of the CIOT's Education Committee

[1] But note that the compulsory tax content under the new scheme of ACCA examinations has been reduced

[i] “Tax Teaching in UK Universities – Actuality, Aspirations and Employer Expectations”  
prepared 1997 for CIOT by A Miller and C Woods