



"Conservatism in Debt Contracting" (ABR)



In a recent article in *Accounting and Business Research*, CAR's Alfred Wagenhofer and Fernando Penalva (IESE Business School) wrote a survey of the theoretical and the empirical archival literature on conservatism when accounting information is used for debt contracting. The article grew

out of both authors comments in an *Accounting and Business Research* Special Issue Symposium on "The Role of Accounting Information in Debt Markets" at the EAA Congress in 2017. Coming from different methodological approaches, the authors discuss a variety of theoretical and empirical results on how conservatism can be useful in raising debt and in debt covenants.

DART Student Reports on her Visit at the University of Toronto



In April 2019, the DART program provided me, Negin Attar, with the opportunity to spend three months as a visiting scholar at Rotman Business School, University of Toronto. Professor Minlei Ye kindly agreed to be my academic

advisor and to meet me on a weekly basis to discuss my latest research on PCAOB regulations. I shared an office space with two PhD students. Its location directly in the accounting department gave me an opportunity to get to know other PhD students and faculty members. I attended a course on Corporate Finance Theory by Denis Gromb from HEC Paris University. I also attended the MARC conference at McGill University in Montreal, where I met PhD students from several well-regarded research institutions such as McGill, Concordia, HEC Montreal and HEC Paris. Furthermore, I had the opportunity to meet and discuss

with distinguished researchers such as Pingyang Gao from the University of Chicago and Shivaram Rajgopal from the Columbia Business School and expand my international network. I am very grateful to the Department of Accounting at Rotman Business School and especially the DART program for enabling this opportunity. I had a great experience, which allowed me to improve my research skills further.

11th Accounting Research Workshop in Zurich

This year's 11th Accounting Research Workshop was held in June at the University of Zurich and co-organized by Robert Göx (University of Zurich) and Ulf Schiller (University of Basel). Jeremy Bertomeu (University of California San Diego) gave the first keynote speech of the workshop and presented his ideas on how to unify data and theory into one research agenda. As one of his current research interests, he further gave a short summary on working with structural estimation. During the workshop sessions DART scholars Robert Eder, Sandra Hinteregger, and Elisabeth Plietzsch and CAR's Alfred Wagenhofer presented their current research papers on topics in the areas of corporate governance and auditing and further participated in workshop discussions. Finally, Volker Laux (University of Texas Austin) closed the workshop with his keynote on entrepreneurial optimism and debt contracts.

Before the main workshop, aforementioned keynote speakers also co-taught a PhD course in accounting theory. The course focused on the fundamentals of accounting theory, debt contracting, and information system design. University of Graz students Bianca Weidinger, Theresa Wittreich, and DART students Robert Eder, Sandra Hinteregger, Clemens Lankisch, Felix Niggemann, Elisabeth Plietzsch, Christian Schmid, and Anisa Vrenozzi were selected to participate.

8th EIASM Workshop on Accounting & Regulation in Siena

The 8th International Workshop on Accounting & Regulation took place at the Santa Chiara Lab of the



University of Siena (Italy) in June 2019. The intent of the workshop was to make an informed contribution to the wider debate on the role of accounting and financial reporting as a regulated activity. CAR's Alfred Wagenhofer was one of the invited speakers at the Plenary Session and talked about "The Role of Enforcement in Accounting Regulation". Furthermore, two DART students had the opportunity to present their working papers, which covered topics on corporate governance and PCAOB regulations, respectively. One of the papers was from Sandra Hinteregger (co-authored with Robert Eder) entitled "Board of Directors' Project Acceptance Decision and its Reliance on Outside Experts", the other paper from Negin Attar on "The Role of the Audit Portfolio in the Optimal Setting of Standards and Enforcement". Many other international participants contributed new insights into their current research projects on topics related to accounting and regulation. Additionally, all the participants provided valuable comments and suggestions to the presenters within the workshop discussions. The whole conference was very well organized and provided novel insights into the theme and suggestions for future research.

AAA Annual Meeting 2019 in San Francisco



The Annual Meeting of the American Accounting Association (AAA) in 2019 was held in the Hilton Hotel at Union Square in San Francisco under the slogan "Bold Transformations Towards a Prosperous Society". In keeping with this motto, the location of the conference was only a few miles from Silicon Valley and a number of plenary speakers focused on the role of digitalization and artificial intelligence in accounting practices, research and education. Two

members associated with CAR were granted the opportunity to present their research in the Concurrent Sessions and received feedback by their discussants and other members of the scientific community. DART scholar Felix Niggemann presented one of his dissertation papers entitled "The Effects of Mandatory Book-Tax Conformity on Strategic Reporting and Auditing" and the one-year visiting scholar at the University of Graz, Davi Souza Simon (Universidade do Vale do Rio dos Sinos), presented his work on "The Effect of Debt Characteristics on the Recognition of Impairment Losses". The AAA Annual Meeting is the largest international accounting conference, and it also particularly valuable for networking.

CAR member engagement in the national tax community

On June 17th, the Institute of Accounting and Taxation organized the lecture "When are impairments distribution-induced?" (original title in German: „Wann sind Teilwertabschreibungen ausschüttungsbedingt?“) at the University of Graz. CAR's Rainer Niemann, Teresa Pohl, a master candidate at the Institute, and Klaus Rabel, Professor of valuation at the Institute, jointly held this lecture. § 12 (3) KStG (Austrian corporate income tax code) states that impairments on shareholdings are not tax-deductible if the impairment is due to dividend payouts. However, neither the tax law nor the regulations define precisely when an impairment is regarded as distribution-induced. Rainer Niemann described the economic background of impairments in the light of neutral tax systems. In neutral tax systems, impairments for tax purposes are either unnecessary or must not depend on distributions. Teresa Pohl explained the legal basis for impairments according to Austrian tax law. Klaus Rabel explained that the current legal opinion of the Austrian fiscal authorities on distribution-induced impairments can lead to strange results. He argues that distributions that do not exceed the economic profit of a period cannot lead to distribution-induced impairments. This lecture attracted a lot of attention by the local tax community. About 50 tax practitioners, tax advisors, and students attended the seminar.

Imprint:

Professor Dr. Dr. h.c. Alfred Wagenhofer
Center for Accounting Research
Karl-Franzens-Universität Graz
Universitätsstraße 15/FE
8010 Graz

tel 0316 380 3500
e-mail car@uni-graz.at
web <http://car.uni-graz.at>

Editor-in-chief: Alfred Wagenhofer

Contributors: Negin Attar, Robert Eder, Sandra Hinteregger, Rainer Niemann, Felix Niggemann, Alfred Wagenhofer

Pictures: Archive/Private, AAA, ABR

Date of Publication: September 2019