This paper reviews the rapidly growing empirical literature on international tax avoidance by multinational corporations. It surveys evidence on main channels of corporate tax avoidance including transfer pricing, international debt shifting, treaty shopping, tax deferral and corporate inversions. Moreover, it performs a meta analysis of the extensive literature that estimates the overall size of profit shifting. We find that the literature suggests that, on average, a 1 percentage-point lower corporate tax rate will expand before-tax income by 1 percent—an effect that is larger than reported as the consensus estimate in previous surveys and tends to be increasing over time. The literature on tax avoidance still has several unresolved puzzles and blind spots that require further research.

Taxes in America, by preeminent tax scholars Leonard E. Burman and Joel Slemrod, offers a clear, concise explanation of how our tax system works, how it affects people and businesses, and how it might be improved. Accessibly written, the book describes the confundities of the modern tax system in an easy-to-grasp manner and addresses issues relevant to the average taxpayer.

This paper examines the effects of tax law changes in the US and the potential for fundamental tax reform to alter the incentives facing businesses in their real and financial behaviour. The paper considers three different proposed reforms of the US tax system that would replace the income tax with a tax based on consumption. The proposals (a retail sales tax, the Hall-Rabushka flat tax, and the US personal expenditure tax), by exempting from taxation the marginal return to new investment, would make the US a very attractive location for multinational corporations relative to current law.

This publication explains how you can recover the cost of business or income-producing property through deductions for depreciation for tax planning measures regardless of the fast changing legal environment for holding companies in the different countries.

Corporate tax reform is in the air. Competitive pressures from globalization, as well as skyrocketing budget deficits, are forcing lawmakers to rethink how America's largest businesses are taxed. Some want to close "loopholes." Others want to end all U.S. tax on foreign profits. Some want to lower rates, while still others want to abolish the corporate tax altogether and replace it with an entirely new system. Unlike many other books on tax policy, Corporate Tax Reform: Taxing Profits in the 21st Century is not selling an idea or approaching the issue from a particular political slant. It boils down the complexity of corporate taxation into simple language so readers can make up their own minds about the future of this controversial tax. For too long, the issue of corporate tax reform has been the exclusive domain of lawyers and economists. This book is written to attract the general reader and to study the tax. Corporate Tax Reform: Taxing Profits in the 21st Century opens the door on these issues to all concerned citizens by providing a compact guide to the economics and politics of the current debate on corporate tax reform. Provides an overview of the corporate tax and the possibilities for reform Discusses the impact on businesspeople and individual taxpayers Boils down complex tax concepts boiled into simple language Spurs lively discussion of the political issues without political bias Includes a discussion of ideas for revamping taxes for individuals, since the corporate and individual tax codes are interrelated.

The book deals with tax planning with holding companies located in Europe, Asia of the Caribbean. It analyses the problem of repatriating U.S. profits from Europe, going far beyond the routing of income via different companies. Instead, the approach includes an analysis of the interdependencies between international tax competition, holding company regimes, and tax planning concepts in order to establish a basis for tax planning measures regardless of the fast changing legal environment for holding companies in the different countries.

This paper describes, and where possible tentatively quantifies, likely tax spillovers from the U.S. corporate income tax reform that was part of the broader 2017 tax reform. It calculates effective tax rates under various assumptions, showing among other findings, how the interest limitation and the Foreign Derived Intangible Income provision can raise or reduce rates. It tentatively estimates that under constant policies elsewhere, the rate cut will reduce tax revenue from multinationals in other countries by on average 1.6 to 5.2 percent. If other countries react in line with historical reaction functions, the revenue loss from multinationals rises to an average of 4.5 to 13.5 percent. The paper also discusses profit-shifting, reallocation, and policy reactions from the more complex features of the reform.

This paper uses a multi-region, forward-looking, DSGE model to estimate the macroeconomic impact of a tax reform that replaces a corporate income tax (CIT) with a destination-based cash-flow tax (DBCT). Two key channels are at play. The first channel is the shift from an income tax to a cash-flow tax. This channel induces the corporate sector to invest more, boosting long-run potential output, GDP and consumption, but crowding out consumption in the short run as households save cash up the capital stock. The second channel is the shift from a taxable base that comprises domestic and foreign revenues, to one where only domestic revenues enter. This leads to an appreciation of the currency to offset the competitiveness boost afforded by the tax and maintain domestic investment-saving equilibrium. The paper demonstrates that spillover effects from the tax reform are positive in the long run as countries' exports benefit from additional investment in the country undertaking the reform and other countries' domestic demand benefits from improved terms of trade. The paper also shows that there are substantial benefits to all countries when all countries undertake the reform. The paper demonstrates that in the long run, as the national corporate debt declines under the tax reform as firms are no longer able to deduct interest expenses from their profits. In this case, the tax shifting results in an increase in the corporate risk premia, a near-term decline in output, and a smaller long-run increase in GDP.

The tax rules of the United States and other countries have intended and unintended effects on the operations of multinational corporations, influencing everything from the formation and allocation of capital to competitive strategies. The growing importance of international business has led economists to reconsider whether current systems of taxing international income are viable in a world of significant capital market integration and global commercial competition. In an attempt to quantify the effect of tax policy on international investment choices, this volume presents in-depth analyses of the interaction of international tax rules and the investment decisions of multinational enterprises. Ten papers assess the role played by multinational firms and their investment in the U.S. economy and the design of international tax rules for multinational investment; analyze channels through which international tax rules affect the costs of international business activities; and
examine ways in which international tax rules affect financing decisions of multinational firms. As a group, the papers demonstrate that international tax rules have significant effects on firms’ investment and other financing decisions.

Present the recent trends in the taxation of corporate income in OECD countries, discusses the main drivers of corporate income tax reform and evaluates the gains of fundamental corporate tax reform.

This book, first published in 1989, assesses the existing tax and benefit systems as being beyond repair, and examines the case for integration. Integrated tax/benefit systems change the basis of entitlement from contribution record and contingency to citizenship and need. Having shown that full integration is not realistic, the author discusses four major partial integration options in detail. Basing her comparison on detailed analysis of specific models, she is able to compare the redistributive and incentive effects of each scheme.

The International VAT/GST Guidelines present a set of internationally agreed standards and recommended approaches for the consistent application of VAT to international trade, with a particular focus on trade in services and intangibles.

A thoughtful and surprising argument for American tax reform, arguably the most overdue political debate facing the nation, from one of the most respected political and economic thinkers, advisers, and writers of our time. THE UNITED STATES TAX CODE HAS UNDERGONE NO SERIOUS REFORM SINCE 1986. Since then, loopholes, exemptions, credits, and deductions have distorted its clarity, increased its inequity, and frustrated our ability to govern ourselves. Through tracing the history of tax policy in the United States and assessing the tax systems of other countries, Bruce Bartlett explores the surprising answers to all these issues, giving a sense of the tax code’s many benefits—and its inevitable burdens. From one of the most respected political and economic thinkers, advisers, and writers of our time, The Benefit and the Burden is a thoughtful and surprising argument for American tax reform.

This book examines fundamental issues of principle and practice in the taxation of international corporations. It analyses the economic and wider normative basis of the existing international tax system, and proposes potential reforms, including radical methods of allocating taxing rights based on residence, destination, and formula apportionment.

There is no consensus on how strongly the Tax Cuts and Jobs Act (TCJA) has stimulated U.S. private fixed investment. Some argue that the business tax provisions spurred investment by cutting the cost of capital. Others see the TCJA primarily as a windfall for shareholders. We find that U.S. business investment since 2017 has grown strongly compared to pre-TCJA forecasts and that the overriding factor driving it has been the strength of expected aggregate demand. Investment has, so far, fallen short of predictions based on the postwar relation with tax cuts. Most post-TCJA-level investment trends suggest that much of the increased corporate investment reflects a lower overall level of corporate tax rates, as policy changes in the current environment of greater corporate market power. Economic policy uncertainty in 2018 played a relatively small role in dampening investment growth.

The Tax Reform Act of 1986 was projected to raise corporate taxes by more than $120 billion over the 1986-1991 period. Actual federal corporate tax receipts in the last five years have fallen far short of these projections. This paper explores the factors that have contributed to this shortfall. The most important factor is lower-than-expected corporate profits. The underperformance of corporate profits can be attributed to three principal causes. First, the predicted rates of corporate profits when the 1986 Tax Reform Act was enacted were high by historical standards. The U.S. economy in the late 1980s did not experience total returns on corporate capital, the combined return to equity and debt investors, as high as the forecasts suggested. The higher interest payments were significantly higher, as a share of corporate operating income or GNP, in the late 1980s than in the years leading up to the Tax Reform Act. This reduced the corporate tax base, and may in substantial part ultimately be attributable to the marginal incentive effects for debt and equity finance provided in the 1986 Tax Reform Act. Third, also quite likely in reaction to recent tax changes, the last few years have seen rapid growth in the income reported by Subchapter S corporations. This income is taxed under the individual income tax. The rise of S corporations has therefore contributed to the erosion of the corporate income tax.

The UK and the USA have historically represented opposite ends of the spectrum in their approaches to taxing corporate income. Under the British approach, corporate and shareholder income taxes have been integrated under an imputation system, with tax paid at the corporate level on dividends paid by shareholders through a full or partial credit against dividends received. Under the American approach, by contrast, corporate and shareholder income taxes have remained separate under what is called a ‘classical’ system in which shareholders receive little or no relief from a second layer of taxes on dividends. Steven A. Bank explores the evolution of the corporate income tax systems in each country during the nineteenth and twentieth centuries to understand the common legal, economic, political and cultural forces that produced such divergent approaches and explains why convergence may be likely in the future as country grapples with corporate taxation in an era of globalization.

"Entertaining and informative. Desai takes us on a journey through the fundamentals of finance, from asset pricing to risk and risk management, via options, mergers, debt, and bankruptcy." - John Lancaster, The New Yorker. "A fascinating new perspective on modern finance." - Oliver Hart, 2016 Nobel Laureate in Economics "Lucid, witty and delightfully eruditeFrom the French revolution to film noir, from the history of probability to Jane Austen and The Simpsons, this is an astonishing intellectual feast." - Sebastian Mallaby, author of The Man Who Knew: The Life and Times of Alan Greenspan Longlisted for 2017 Financial Times/McKinsey Business Book of the Year A 2017 AMAZON PICK IN BUSINESS & LEADERSHIP A WealthManagement.com BEST BUSINESS BOOK OF 2017 In 1688, essayist Josep de la Vega described finance as both "the fairest and most deceitful business ... the noblest and the most infamous in the world, the finest and most vulgar on earth. " The characterization of finance as deceitful, infamous, and vulgar still rings true today – particularly in the wake of the 2008 financial crisis. But, what happened to the fairest, noblest, and finest profession that de la Vega saw? De la Vega hit on an essential truth that has been forgotten: finance can be just as principled, life-affirming, and worthy as it can be fraught with questionable practices. Today, finance is shrouded in mystery for outsiders, while many insiders are uneasy with the disrepute of their profession. How can finance become more accessible and also recover its nobility? Harvard Business School professor Mihir Desai, in his “last lecture” to the graduating Harvard MBA class of 2015, took up the cause of restoring humanity to finance. With incisive wit and irony, his lecture drew upon a rich knowledge of literature, film, history, and philosophy to explain the inner workings of finance in a manner that has never been seen before. This book captures Desai’s lucid exploration of the ideas of finance as seen through the unusual prism of the humanities. Through this novel, creative approach, Desai shows that outsiders can access the underlying ideas easily and insiders can reacquaint themselves with the core humanity of their profession. The mix of finance and the humanities creates unusual pairings. Jane Austen and Anthony Trollope are guides to risk management, Jeff Koons becomes an advocate of leverage, and Mel Brooks’s The Producers teaches us about fiduciary responsibility. In Desai’s vision, the principles of finance also provide answers to critical questions in our lives. Among many surprising parallels, bankruptcy teaches us how to react to failure, the lessons of mergers apply to marriages, and the Capital Asset Pricing Model demonstrates the true value of relationships. THE WISDOM OF FINANCE is a wholly unique book, offering a refreshing new perspective on one of the world’s most complex and misunderstood professions.

In the increasingly global business environment of the 1990s, policymakers and executives of multinational corporations must make informed decisions based on a sound knowledge of U.S. and foreign tax policy. Written for a nontechnical audience, Taxing Multinational Corporations explores the history of corporate taxation policy in the United States and abroad affects plant and equipment investments, spending on research and development, the cost of debt and equity finance, and dividend repatriations by United States
subsidiaries. It also discusses the impact of U.S. firms’ outbound foreign investment on domestic and foreign economies. Especially useful to non-specialists is an appendix that summarizes current United States rules for taxing international income.

America’s runaway inequality has an engine: our unjust tax system. Even as they became fabulously wealthy, the ultra-rich have had their taxes cut: plummeting last seen in the 1920s. Meanwhile, millions of Americans have been asked to pay more. The Triumph of Injustice presents a forensic investigation into this dramatic transformation, written by two economists who revolutionized the study of inequality. Eschewing anecdotes and case studies, Emmanuel Saez and Gabriel Zucman offer a comprehensive view of America’s tax system, based on new statistics covering all taxes paid at all levels of government. Their conclusion? For the first time in more than a century, billionaires now pay lower tax rates than their secretaries. Blending history and cutting-edge economic analysis, and writing in lively and jargon-free prose, Saez and Zucman make the deliberate choice to present the data (and thus the problems that they potentially cause) clearly. They provide a plan to make the economy and nation stronger, one that controls entitlement spending but preserves and enhances their anti-poverty and social insurance roles, increases public investments on human and physical capital, and raises and reforms taxes to pay for government services in a fair and efficient way. What is needed, he argues, is to balance today’s needs against tomorrow’s obligations. We face significant fiscal challenges but, if we are wise enough to seize our opportunities, we can strengthen our economy, increase opportunity, reduce inequality, and build better lives for our children and grandchildren. We do not have to kill popular programs or starve government. Indeed, one main goal of fiscal reform is to maintain the vital functions that government provides. We need to act responsibly, pay for the government we want, and shape that government in ways that serve us best.

A vivid character-driven narrative, fused with important new economic and political reporting and research, that busts the myths about middle class decline and points the way to its revival. For over a decade, Jim Tankersley has been on a journey to understand what the hell happened to the world's 2014: the post-World-War-I boom that faded into decades of stagnation and frustration for American workers. In Riches of This Land, Tankersley explores the story of forgotten Americans-- struggling women and men who he met on his journey into the travails of the middle class. His analysis begins with the revelation that women and minorities have played a far more important role in building the post-war middle class than today’s politicians typically acknowledge. The Triumph of Injustice-- America’s struggle to transcend the political and intellectual failures of our time. Taxing Profits in the 21st Century-- America’s tax system is shaping the world’s greatest middle-class success story -- the post-World-War-II boom that faded into decades of stagnation and frustration for American workers. In this book, Tankersley fuses the story of forgotten Americans-- struggling women and men who he met on his journey into the travails of the middle class. His analysis begins with the revelation that women and minorities have played a far more crucial role in building the post-war middle class than today’s politicians typically acknowledge, and policies that have done nothing to address the structural shifts of the American economy have enabled a privileged few to capture nearly all the benefits of America’s growing prosperity. Meanwhile, the "angry white men of Ohio" have been sold by Trump and his ilk a theory of the economy that is dangerous for the country and women who should be their allies. At the conclusion of his journey, Tankersley lays out specific policy prescriptions and social undertakings that can begin moving the needle in the effort to make new and better jobs appear. By fostering an economy that opens new pathways for all workers to reach their full potential -- men and women, immigrant or native-born, regardless of race -- America can once again restore the upward flow of talent that can power growth and prosperity.
Corporate tax reform is in the air. Competitive pressures from globalization, as well as skyrocketing budget deficits, are forcing lawmakers to rethink how America's largest businesses are taxed. Some want to close "loopholes." Others want to end all U.S. tax on foreign profits. Some want to lower rates, while still others want to abolish the corporate tax altogether and replace it with an entirely new system. Unlike many other books on tax policy, Corporate Tax Reform: Taxing Profits in the 21st Century is not selling an idea or approaching the issue from a particular political slant. It boils down the complexity of corporate taxation into simple language so readers can make up their own minds about the future of this controversial tax. For too long, the issue of corporate tax reform has been the exclusive domain of lawyers and economists who devote their entire adult lives to studying the tax. Corporate Tax Reform: Taxing Profits in the 21st Century opens the door on these issues to all concerned citizens by providing a compact guide to the economics and politics of the current debate on corporate tax reform. Provides an overview of the corporate tax and the possibilities for reform Discusses the impact on businesses and individual taxpayers Boils down complex tax concepts to simple language Spurs lively discussion of the political issues without political bias Includes a discussion of ideas for revamping taxes for individuals, since the corporate and individual tax codes are interrelated What you'll learn: Why economists want to abolish the corporate tax Why politicians can't get rid of the corporate tax What the biggest and the slimiest loopholes are The ramifications of all possible outcomes for businesses How the U.S. tax code compares to foreign competitors The major options for reform, including the flat tax How politics and budget decisions will shape the debate before and after the 2012 election Why individual taxpayers have a stake in the outcome of this debate Who this book is for Corporate Tax Reform: Taxing Profits in the 21st Century is for taxpayers who have a stake in the outcome of this debate Who this book is for: Corporate Tax Reform: Taxing Profits in the 21st Century is for taxpayers who have a stake in the outcome of this debate.