# Ebook free Chapter 3 the corporate income tax solutions (Read Only)

this paper explores how corporate income tax reform can help japan increase investment and boost potential growth using international and japan specific empirical estimates of corporate tax elasticities investment is predicted to expand by around 0 4 percent for each point of rate reduction international consensus estimates suggest further that between 10 and 30 percent of the static revenue loss could be recovered in the long run through dynamic scoring although japan s offset may be closer to the lower bound compensating fiscal measures are necessary in light of japan s tight fiscal constraints the scope for base broadening in the corporate income tax is found to be limited and some forms of base broadening will undo positive investment effects of a rate cut alternative revenue sources include higher consumption and property taxes a gradual approach toward lowering tax rates mitigates windfall gains and reduces short run revenue costs an incremental allowance for corporate equity system could boost investment with limited fiscal costs in the short run in this paper potential financial linkages between liquidity and bank solvency measures in advanced economies and emerging market em bond and stock markets are analyzedduring the latest crisis a multivariate garch model is estimated in order to gauge the extent of co movements of these financial variables across markets the findings indicate that the notion of possible de coupling in the financial markets had been misplaced while em stock markets reached their peak in the last quarter of 2007 interlinkages between funding stress and equity markets in advanced economies and em financial indicators were highly correlated and have seen sharp increases during specific crisis moments this book was first published in 2007 most countries levy taxes on corporations but the impact and therefore the wisdom of such taxes is highly controversial among economists does the burden of these taxes fall on wealthy shareowners or is it passed along to those who work for or buy the products of corporations can a country with high corporate taxes remain competitive in the global economy this book features research by leading economists and accountants that sheds light on these and related questions including how taxes affect corporate dividend policy stock market value avoidance and evasion the studies promise to inform both future tax policy and regulatory policy especially in light of the sarbanes oxley act and other actions by the securities and exchange commission that are having profound effects on the market for tax planning and auditing in the wake of the well publicized accounting scandals in enron and worldcom 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 dbcft 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 to build 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 other 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 when all countries undertake the reform finally the paper demonstrates that in the presence of financial frictions 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 book describes the difficulties of the current international corporate income tax system it starts by describing its origins and how changes such as the development of multinational enterprises and digitalization have created fundamental problems not foreseen at its inception these include tax competition as governments try to attract tax bases through low tax rates or incentives and profit shifting as companies avoid tax by reporting profits in jurisdictions with lower tax rates the book then discusses solutions including both evolutionary changes to the current system and fundamental reform options it covers both reform efforts already under way for example under the inclusive framework at the oecd and potential radical reform ideas developed by academics presents 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 several recent papers argue that corporate income taxes should not be used by small open economies with capital mobility the burden of the tax falls on fixed factors e g labor and the tax system is more efficient if labor is taxed directly however corporate taxes not only exist but rates are roughly comparable with the top personal tax rates past models also forecast that multinationals should not invest in countries with low corporate tax rates since the surtax they owe when profits are repatriated puts them at a competitive disadvantage yet such foreign direct investment is substantial we suggest that the resolution of these puzzles may be found in the role of income shifting both domestic between the personal and corporate tax bases and cross border through transfer pricing countries need cash flow corporate taxes as a backstop to labor taxes to discourage individuals from converting their labor income into otherwise untaxed corporate income we explore how these taxes can best be modified to deal as well with cross border shifting this paper examines the role of minimum taxes and attempts to quantify their impact on economic activity minimum taxes can be effective at shoring up the corporate tax base and enhancing the perceived equity of the tax system potentially motivating broader taxpayer compliance where political and administrative constraints prevent reforms to the standard corporate income tax a minimum tax can help mitigate base erosion from excessive tax incentives and avoidance using a new panel dataset that catalogues changes in minimum tax regimes over time around the world firm level analysis suggests that the introduction or reform of a minimum tax is associated with an increase in the average effective tax rate of just over 1 5 percentage points with respect to turnover and of around 10 percent with respect to operating income minimum taxes based on modified corporate income lead to the largest increases in effective tax rates followed by those based on assets and turnover the internationalization of business activity has created significant pressures on national corporate tax systems rather than abandon the corporate tax field this paper predicts that governments will develop arrangements to further globalize the corporate income tax the paper assesses the merits and limitations of allocation methods for attributing income to different jurisdictions according to formulas measuring business activity such methods are being used as part of transfer pricing regimes and are likely to be enhanced over time whatever international arrangements develop in the future there is a role for new institutions to improve cooperative discussions among governments this report is based on a detailed analysis of the impact that cee corporate income tax regimes have on the profitability of foreign investment it has two purposes the first is to describe the analysis and compare the corporate income tax regimes in the five cee countries with the regimes in other countries that might compete for the same capital the second purpose is to discuss the benefits and costs of the various options that the five cee countries may consider for development of their corporate income tax policies particular attention is paid to the effects of tax holidays which are temporary tax relief that all five countries offer to foreign investors some other tax incentives are examined including the impact that inflation would have on them the global integrated monetary and fiscal model gimf is a multi region forward looking dsge model developed at the international monetary fund for policy analysis and international economic research this paper documents the incorporation of corporate income cash flow and destination based cash flow taxes into the model the analysis presented considers the transmission mechanism of these taxes and details how financial frictions interact with each of the taxes 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 imputed to 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 each country grapples with corporate taxation in an era of globalization the mainstay of federal business taxation the us corporate income tax is riddled with distortions and inequities as a means of taxing the richest americans a popular goal the corporate income tax is a hopeless failure many companies pay no corporate tax and among those that do the burden is highly uneven meanwhile the richest americans command income from numerous sources besides corporate dividends the distortions and inequities are amazing under pressure from business lobbies congress legislates deductions and exemptions that twist the corporate tax base far from any plausible financial definition then congress enacts targeted tax credits to carry out ersatz industrial policies faced with a tax terrain of mountains and ravines corporations employ armies of lawyers and accountants to devise avoidance strategies this book proposes to replace the corporate income tax with a tax that has a much broader base at a much lower rate two alternatives are explored the national retail sales tax nrst and the corporate activity tax cat to address the issue of regressivity both alternatives are coupled with measures to preserve the real spending power of households at the lowest income levels in this book the authors attempt to integrate the various theoretical and empirical approaches to the fiscal rationality of the corporation income tax the material has been compiled from original sources and is presented without many of its abstruse aspects in an attempt to provide a reasonable coherent and complete picture of the state of the art essay from the year 2004 in the subject business economics accounting and taxes grade distinction 83 the university of sydney faculty of law course comparative corporate taxation language english abstract this essay briefly describes the main different theoretical approaches tax systems designed to alleviate the double burden of corporation tax and shareholder income tax under part 2 parts 3 5 explain how the problem of dividend double taxation was tried to be solved in the heterogeneous tax systems of the germany the uk and the us however the essay will not cover the different double tax avoiding treaties in force in those countries many economists and policymakers believe that the u s corporate tax system is in need of reform there is however disagreement over why the corporate tax system needs to be reformed and what specific policy measures should be included in a reform to assist policymakers in designing and evaluating corporate tax proposals this report 1 briefly reviews the current u s corporate tax system 2 discusses economic factors that may be considered in the corporate tax reform debate and 3 presents corporate tax reform policy options including a brief discussion of current corporate tax reform proposals the current u s corporate income tax system generally taxes corporate income at a rate of 35 this tax is 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and a decline in corporate sector profitability a particular aspect of the corporate tax system that receives substantial attention is the 35 statutory corporate tax rate although the u s has the world s highest statutory corporate tax rate the u s effective corporate tax rate is similar to the organization for economic co operation and development oecd average further the u s collects less in corporate tax revenue relative to gross domestic production gdp 1 9 in 2009 than the average of other oecd countries 2 8 in 2009 this report discusses a number of economic considerations that may be made while evaluating various corporate tax reform proposals these might include analyses of the likely effect on households of certain reforms also known as incidence analysis policymakers might also want to consider how certain corporate tax provisions contribute to the allocation of economic resources choosing policies that promote an efficient use of resources other goals of corporate tax reform 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corporate income tax cit focusing on its international aspects and proposes a set of reforms to alleviate them a bold reform to replace the cit with a corporate level rent tax could induce efficiency enhancing reform of the international tax system since fundamental reform is politically difficult this paper also proposes an incremental reform that would reduce tax expenditures reduce the cit rate to 25 28 percent and impose a minimum rent tax on foreign earnings finally this paper analyzes empirically the likely impact of the incremental on corporate revenues outside the u s though a u s rate cut would likely lower revenues elsewhere implementation of a strong minimum tax could more than offset that effect for most countries with effective tax rates above 15 percent many economists and policy makers believe that the u s corporate tax system is in need of reform there is however disagreement over why the corporate tax system needs to be reformed and what specific policy measures should be included in a reform to assist policy makers in designing and evaluating corporate tax proposals this book reviews the current u s corporate tax system discusses economic factors that may be considered in the corporate tax reform debate and presents corporate tax reform policy options including a brief discussion of current corporate tax reform proposals the current u s corporate income tax system generally taxes corporate income at a rate of 35 this tax is applied to income earned domestically and abroad although taxes on certain income earned abroad can be deferred indefinitely if that income remains overseas the u s corporate tax system also contains a number of deductions exemptions deferrals and tax credits often referred to as tax expenditures collectively these provisions reduce the effective tax rate paid by many u s corporations below the 35 statutory rate in 2011 the sum of all corporate tax expenditures was 158 8 billion the imf fiscal affairs department s revenue administration gap analysis program ra gap aims to provide a quantitative analysis of the tax gap between potential revenues and actual collections and this technical note explains the concept of the tax gap for corporate income tax cit and the methodology to estimate cit gaps it includes detailed steps to derive the potential cit base and liability with careful consideration for the theoretical differences between the coverage of statistical macroeconomic data and the actual tax base of cit and then compare the estimated results with actual declarations and revenues although the estimated gaps following the approach will have margins of errors it has the advantage of using available data without additional costs of collection and suits initial evaluations of overall cit noncompliance in a country 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 real location and policy reactions from the more complex features of the reform this monograph is principally the work of the late martin norr he completed a draft of the entire monograph but had not yet revised it when he died in late 1972 at that time the integration of corporate and shareholder taxation was just beginning to become of widespread interest in the united states with the increasing interest thereafter the international tax program began to revise his manuscript making as few changes as possible in the original draft we had the benefit of criticism and analysis from professor richard m bird of the university of toronto now director of the institute of policy analysis there in addition mr mitsuo sato of the ministry of finance in japan gave freely of his time in carefully suggesting changes throughout the manuscript the present version of chapter 3 owes a great deal to his additions and suggestions thanks are also due to professor hugh j ault of boston college law school for the appendix containing his description of the german integration system that became effective in 1977 which was first published in law policy in international business mr norr s interest in the subject of corporate and shareholder taxation developed while he was writing the international tax program s world tax series volume taxation in france published in 1966 the integration of french taxes on corporations and shareholders took place just after that volume was finished but had been under discussion in france for some time before then existing corporate taxes distort many aspects of firm behavior to the extent that the corporate tax rate is lower than personal tax rates taxes favor corporate activity and favor retaining earnings rather than paying earnings out to employees and investors multinationals can even avoid these taxes by shifting income into tax havens given the ease with which multinationals can evade tax the existing income tax structure faces major pressures as reflected in average statutory corporate tax rates halving in recent decades the element speculates on alternative tax structures that will avoid these problems through the arguments for corporate tax harmonization in the eu and describing the current stage of this process the legislative rules which are insufficient to solve the many problems implied by the proper functioning of the single market are revealed the book also exposes the issues involved in the consolidation of the corporate tax base jurisdiction to tax corporate income pursuant to the presumptive benefit principle intends to demonstrate that the profit shifting phenomenon i e the ability of companies to book their profits in jurisdictions other than those that host their economic activities is real severe undesirable and above all the natural consequence of both the preservation of three fundamental paradigms that have historically underlain corporate income taxes and their precise legal configuration in view of this the book submits a number of proposals in relation to the aforementioned paradigms and in the light of the suggested presumptive benefit principle so as to counteract profit shifting risks and thus attain a more equitable allocation of taxing rights among states this phd thesis obtained the prestigious european academic tax thesis award 2018 granted by the european commission and the european association of tax law professors what s in this book this book provides a disruptive discourse on tax sovereignty in the field of corporate income taxation that endeavors to escape from long standing tax policy tendencies and prejudices while considering the challenges posed by a globalized and increasingly digitalized economy in particular the book offers an innovative perspective on certain deep rooted paradigms historically underlying corporate income taxation tax treatment of related parties within a corporate group along with the arm s length standard corporate tax residence standards and definition of source for corporate income tax purposes with a particular emphasis on the permanent establishment concept the book explores their respective origins supposed tax policy rationales structural problems and interactions ultimately showing how the way tax jurisdiction is currently defined through them inherently tends to trigger profit shifting outcomes in view of the conclusions of the study the author suggests the use of a new version of the traditional benefit principle the presumptive benefit principle that would contribute to address the profit shifting phenomenon while serving as a practical guideline to achieve a more equitable allocation of taxing rights among jurisdictions finally the book submits a number of proposals inspired by the aforementioned guideline that aspire to strike a balance between equity effectiveness and technical feasibility they include a new corporate tax residence test and most notably a proposal on a new remote sales permanent establishment how this will help you with its case study based on the apple group empirically demonstrating the existence of the profit shifting phenomenon its clearly documented exposure of the reasons why traditional corporate income tax regimes systematically give rise to these outcomes its new tax policy guideline and its proposals for reform this book makes a significant contribution to current tax policy discussions concerning corporate income taxation in cross border scenarios it will be warmly welcomed by all concerned policymakers scholars practitioners with the greatest tax policy challenges that corporate income taxation is facing in the contemporary world the imf working papers series is designed to make imf staff research available to a wide audience almost 300 working papers are released each year covering a wide range of theoretical and analytical topics including balance of payments monetary and fiscal issues global liquidity and national and international economic developments

*Revising the Corporate Income Tax* 1985 this paper explores how corporate income tax reform can help japan increase investment and boost potential growth using international and japan specific empirical estimates of corporate tax elasticities investment is predicted to expand by around 0 4 percent for each point of rate reduction international consensus estimates suggest further that between 10 and 30 percent of the static revenue loss could be recovered in the long run through dynamic scoring although japan s offset may be closer to the lower bound compensating fiscal measures are necessary in light of japan s tight fiscal constraints the scope for base broadening in the corporate income tax is found to be limited and some forms of base broadening will undo positive investment effects of a rate cut alternative revenue sources include higher consumption and property taxes a gradual approach toward lowering tax rates mitigates windfall gains and reduces short run revenue costs an incremental allowance for corporate equity system could boost investment with limited fiscal costs in the short run

**Japan’s Corporate Income Tax** 2014-08-04 in this paper potential financial linkages between liquidity and bank solvency measures in advanced economies and emerging market em bond and stock markets are analyzedduring the latest crisis a multivariate garch model is estimated in order to gauge the extent of co movements of these financial variables across markets the findings indicate that the notion of possible de coupling in the financial markets had been misplaced while em stock markets reached their peak in the last quarter of 2007 interlinkages between funding stress and equity markets in advanced economies and em financial indicators were highly correlated and have seen sharp increases during specific crisis moments

*Japan's Corporate Income Tax - Overview and Challenges* 2008 this book was first published in 2007 most countries levy taxes on corporations but the impact and therefore the wisdom of such taxes is highly controversial among economists does the burden of these taxes fall on wealthy shareowners or is it passed along to those who work for or buy the products of corporations can a country with high corporate taxes remain competitive in the global economy this book features research by leading economists and accountants that sheds light on these and related questions including how taxes affect corporate dividend policy stock market value avoidance and evasion the studies promise to inform both future tax policy and regulatory policy especially in light of the sarbanes oxley act and other actions by the securities and exchange commission that are having profound effects on the market for tax planning and auditing in the wake of the well publicized accounting scandals in enron and worldcom

**Taxing Corporate Income in the 21st Century** 2007-04-16 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 dbcft 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 to build 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 other 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 when all countries undertake the reform finally the paper demonstrates that in the presence of financial frictions 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

**Corporate Tax Reform: From Income to Cash Flow Taxes** 2019-01-16 the book describes the difficulties of the current international corporate income tax system it starts by describing its origins and how changes such as the development of multinational enterprises and digitalization have created fundamental problems not foreseen at its inception these include tax competition as governments try to attract tax bases through low tax rates or incentives and profit shifting as companies avoid tax by reporting profits in jurisdictions with lower tax rates the book then discusses solutions including both evolutionary changes to the current system and fundamental reform options it covers both reform efforts already under way for example under the inclusive framework at the oecd and potential radical reform ideas developed by academics

Corporate Income Taxes under Pressure 2021-02-26 presents 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

**OECD Tax Policy Studies Fundamental Reform of Corporate Income Tax** 2007-11-13 several recent papers argue that corporate income taxes should not be used by small open economies with capital mobility the burden of the tax falls on fixed factors e g labor and the tax system is more efficient if labor is taxed directly however corporate taxes not only exist but rates are roughly comparable with the top personal tax rates past models also forecast that multinationals should not invest in countries with low corporate tax rates since the surtax they owe when profits are repatriated puts them at a competitive disadvantage yet such foreign direct investment is substantial we suggest that the resolution of these puzzles may be found in the role of income shifting both domestic between the personal and corporate tax bases and cross border through transfer pricing countries need cash flow corporate taxes as a backstop to labor taxes to discourage individuals from converting their labor income into otherwise untaxed corporate income we explore how these taxes can best be modified to deal as well with cross border shifting

**Why is There Corporate Taxation in a Small Open Economy?** 1994 this paper examines the role of minimum taxes and attempts to quantify their impact on economic activity minimum taxes can be effective at shoring up the corporate tax base and enhancing the perceived equity of the tax system potentially motivating broader taxpayer compliance where political and administrative constraints prevent reforms to the standard corporate income tax a minimum tax can help mitigate base erosion from excessive tax incentives and avoidance using a new panel dataset that catalogues changes in minimum tax regimes over time around the world firm level analysis suggests that the introduction or reform of a minimum tax is associated with an increase in the average effective tax rate of just over 1 5 percentage points with respect to turnover and of around 10 percent with respect to operating income minimum taxes based on modified corporate income lead to the largest increases in effective tax rates followed by those based on assets and turnover

**A Firm Lower Bound: Characteristics and Impact of Corporate Minimum Taxation** 2021-06-08 the internationalization of business activity has created significant pressures on national corporate tax systems rather than abandon the corporate tax field this paper predicts that governments will develop arrangements to further globalize the corporate income tax the paper assesses the merits and limitations of allocation methods for attributing income to different jurisdictions according to formulas measuring business activity such methods are being used as part of transfer pricing regimes and are likely to be enhanced over time whatever international arrangements develop in the future there is a role for new institutions to improve cooperative discussions among governments

*State Corporation Income Tax: Issues in Worldwide Unitary Combination* 1984 this report is based on a detailed analysis of the impact that cee corporate income tax regimes have on the profitability of foreign investment it has two purposes the first is to describe the analysis and compare the corporate income tax regimes in the five cee countries with the regimes in other countries that might compete for the same capital the second purpose is to discuss the benefits and costs of the various options that the five cee countries may consider for development of their corporate income tax policies particular attention is paid to the effects of tax holidays which are temporary tax relief that all five countries offer to foreign investors some other tax incentives are examined including the impact that inflation would have on them

**The Role of Allocation in a Globalized Corporate Income Tax** 1998-09-01 the global integrated monetary and fiscal model gimf is a multi region forward looking dsge model developed at the international monetary fund for policy analysis and international economic research this paper documents the incorporation of corporate income cash flow and destination based cash flow taxes into the model the analysis presented considers the transmission mechanism of these taxes and details how financial frictions interact with each of the taxes

**Key Issues Affecting State Taxation of Multijurisdictional Corporate Income Need Resolving** 1982 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 imputed to 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 each country grapples with corporate taxation in an era of globalization

**Corporate Income Taxation and Foreign Direct Investment in Central and Eastern Europe** 1992-01-01 the mainstay of federal business taxation the us corporate income tax is riddled with distortions and inequities as a means of taxing the richest americans a popular goal the corporate income tax is a hopeless failure many companies pay no corporate tax and among those that do the burden is highly uneven meanwhile the richest americans command income from numerous sources besides corporate dividends the distortions and inequities are amazing under pressure from business lobbies congress legislates deductions and exemptions that twist the corporate tax base far from any plausible financial definition then congress enacts targeted tax credits to carry out ersatz industrial policies faced with a tax terrain of mountains and ravines corporations employ armies of lawyers and accountants to devise avoidance strategies this book proposes to replace the corporate income tax with a tax that has a much broader base at a much lower rate two alternatives are explored the national retail sales tax nrst and the corporate activity tax cat to address the issue of regressivity both alternatives are coupled with measures to preserve the real spending power of households at the lowest income levels

**The Corporate Income Tax System** 1985 in this book the authors attempt to integrate the various theoretical and empirical approaches to the fiscal rationality of the corporation income tax the material has been compiled from original sources and is presented without many of its abstruse aspects in an attempt to provide a reasonable coherent and complete picture of the state of the art

*Tax Policy* 1993 essay from the year 2004 in the subject business economics accounting and taxes grade distinction 83 the university of sydney faculty of law course comparative corporate taxation language english abstract this essay briefly describes the main different theoretical approaches tax systems designed to alleviate the double burden of corporation tax and shareholder income tax under part 2 parts 3 5 explain how the problem of dividend double taxation was tried to be solved in the heterogeneous tax systems of the germany the uk and the us however the essay will not cover the different double tax avoiding treaties in force in those countries

**The Shifting of the Corporation Income Tax** 1963 many economists and policymakers believe that the u s corporate tax system is in need of reform there is however disagreement over why the corporate tax system needs to be reformed and what specific policy measures should be included in a reform to assist policymakers in designing and evaluating corporate tax proposals this report 1 briefly reviews the current u s corporate tax system 2 discusses economic factors that may be considered in the corporate tax reform debate and 3 presents corporate tax reform policy options including a brief discussion of current corporate tax reform proposals the current u s corporate income tax system generally taxes corporate income at a rate of 35 this tax is applied to income earned domestically and abroad although taxes on certain income earned abroad can be deferred indefinitely if that income remains overseas the u s corporate tax system also contains a number of deductions exemptions deferrals and tax credits often referred to as tax expenditures collectively these provisions reduce the effective tax rate paid by many u s corporations below the 35 statutory rate in 2011 the sum of all corporate tax expenditures was 158 8 billion the significance of the corporate tax as a federal revenue source has declined over time at its post wwii peak in 1952 the corporate tax generated 32 1 of all federal tax revenue in 2010 the corporate tax accounted for 8 9 of federal tax revenue the decline in corporate revenues is a combination of decreasing effective tax rates an increasing fraction of business activity that is being carried out by pass through entities particularly partnerships and s corporations which are not subject to the corporate tax and a decline in corporate sector profitability a particular aspect of the corporate tax system that receives substantial attention is the 35 statutory corporate tax rate although the u s has the world s highest statutory corporate tax rate the u s effective corporate tax rate is similar to the organization for economic co operation and development oecd average further the u s collects less in corporate tax revenue relative to gross domestic production gdp 1 9 in 2009 than the average of other oecd countries 2 8 in 2009 this report discusses a number of economic considerations that may be made while evaluating various corporate tax reform proposals these might include analyses of the likely effect on households of certain reforms also known as incidence analysis policymakers might also want to consider how certain corporate tax provisions contribute to the allocation of economic resources choosing policies that promote an efficient use of resources other goals of corporate tax reform may include designing a system that is simple to comply with and administer while also promoting competitiveness of u s corporations commonly discussed corporate tax reforms include policies that would broaden the tax base i e eliminate tax expenditures to finance reduced corporate tax rates concerns that the u s corporate tax system inefficiently imposes a double tax on corporate income has led some to consider an integration of the corporate and individual tax systems the treatment of pass through income business income not earned by c corporations has also received considerable attention in tax reform debates how the u s taxes income earned abroad and the possibility of moving to a territorial tax system have emerged as important issues both the obama administration and the house committee on ways and means chairman david camp have released tax reform proposals that would change the current tax treatment of u s multinationals

No Business Taxation Without Model Representation 2017-11-17 this paper examines the main distortions of the u s corporate income tax cit focusing on its international aspects and proposes a set of reforms to alleviate them a bold reform to replace the cit with a corporate level rent tax could induce efficiency enhancing reform of the international tax system since fundamental reform is politically difficult this paper also proposes an incremental reform that would reduce tax expenditures reduce the cit rate to 25 28 percent and impose a minimum rent tax on foreign earnings finally this paper analyzes empirically the likely impact of the incremental on corporate revenues outside the u s though a u s rate cut would likely lower revenues elsewhere implementation of a strong minimum tax could more than offset that effect for most countries with effective tax rates above 15 percent

*Anglo-American Corporate Taxation* 2011-09-22 many economists and policy makers believe that the u s corporate tax system is in need of reform there is however disagreement over why the corporate tax system needs to be reformed and what specific policy measures should be included in a reform to assist policy makers in designing and evaluating corporate tax proposals this book reviews the current u s corporate tax system discusses economic factors that may be considered in the corporate tax reform debate and presents corporate tax reform policy options including a brief discussion of current corporate tax reform proposals the current u s corporate income tax system generally taxes corporate income at a rate of 35 this tax is applied to income earned domestically and abroad although taxes on certain income earned abroad can be deferred indefinitely if that income remains overseas the u s corporate tax system also contains a number of deductions exemptions deferrals and tax credits often referred to as tax expenditures collectively these provisions reduce the effective tax rate paid by many u s corporations below the 35 statutory rate in 2011 the sum of all corporate tax expenditures was 158 8 billion

Reforming the US Corporate Tax 2005 the imf fiscal affairs department s revenue administration gap analysis program ra gap aims to provide a quantitative analysis of the tax gap between potential revenues and actual collections and this technical note explains the concept of the tax gap for corporate income tax cit and the methodology to estimate cit gaps it includes detailed steps to derive the potential cit base and liability with careful consideration for the theoretical differences between the coverage of statistical macroeconomic data and the actual tax base of cit and then compare the estimated results with actual declarations and revenues although the estimated gaps following the approach will have margins of errors it has the advantage of using available data without additional costs of collection and suits initial evaluations of overall cit noncompliance in a country

*Must Corporate Income Be Taxed Twice?* 1979 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 real location and policy reactions from the more complex features of the reform

**Corporate Income Tax** 2004-01-01 this monograph is principally the work of the late martin norr he completed a draft of the entire monograph but had not yet revised it when he died in late 1972 at that time the integration of corporate and shareholder taxation was just beginning to become of widespread interest in the united states with the increasing interest thereafter the international tax program began to revise his manuscript making as few changes as possible in the original draft we had the benefit of criticism and analysis from professor richard m bird of the university of toronto now director of the institute of policy analysis there in addition mr mitsuo sato of the ministry of finance in japan gave freely of his time in carefully suggesting changes throughout the manuscript the present version of chapter 3 owes a great deal to his additions and suggestions thanks are also due to professor hugh j ault of boston college law school for the appendix containing his description of the german integration system that became effective in 1977 which was first published in law policy in international business mr norr s interest in the subject of corporate and shareholder taxation developed while he was writing the international tax program s world tax series volume taxation in france published in 1966 the integration of french taxes on corporations and shareholders took place just after that volume was finished but had been under discussion in france for some time before then

**The Shifting and Incidence of the Corporation Income Tax** 1976 existing corporate taxes distort many aspects of firm behavior to the extent that the corporate tax rate is lower than personal tax rates taxes favor corporate activity and favor retaining earnings rather than paying earnings out to employees and investors multinationals can even avoid these taxes by shifting income into tax havens given the ease with which multinationals can evade tax the existing income tax structure faces major pressures as reflected in average statutory corporate tax rates halving in recent decades the element speculates on alternative tax structures that will avoid these problems

**Comparison of US, UK and German corporate income tax systems with respect to dividend relief** 2007 through the arguments for corporate tax harmonization in the eu and describing the current stage of this process the legislative rules which are insufficient to solve the many problems implied by the proper functioning of the single market are revealed the book also exposes the issues involved in the consolidation of the corporate tax base

*The Corporate Income Tax System* 2012-10-22 jurisdiction to tax corporate income pursuant to the presumptive benefit principle intends to demonstrate that the profit shifting phenomenon i e the ability of companies to book their profits in jurisdictions other than those that host their economic activities is real severe undesirable and above all the natural consequence of both the preservation of three fundamental paradigms that have historically underlain corporate income taxes and their precise legal configuration in view of this the book submits a number of proposals in relation to the aforementioned paradigms and in the light of the suggested presumptive benefit principle so as to counteract profit shifting risks and thus attain a more equitable allocation of taxing rights among states this phd thesis obtained the prestigious european academic tax thesis award 2018 granted by the european commission and the european association of tax law professors what s in this book this book provides a disruptive discourse on tax sovereignty in the field of corporate income taxation that endeavors to escape from long standing tax policy tendencies and prejudices while considering the challenges posed by a globalized and increasingly digitalized economy in particular the book offers an innovative perspective on certain deep rooted paradigms historically underlying corporate income taxation tax treatment of related parties within a corporate group along with the arm s length standard corporate tax residence standards and definition of source for corporate income tax purposes with a particular emphasis on the permanent establishment concept the book explores their respective origins supposed tax policy rationales structural problems and interactions ultimately showing how the way tax jurisdiction is currently defined through them inherently tends to trigger profit shifting outcomes in view of the conclusions of the study the author suggests the use of a new version of the traditional benefit principle the presumptive benefit principle that would contribute to address the profit shifting phenomenon while serving as a practical guideline to achieve a more equitable allocation of taxing rights among jurisdictions finally the book submits a number of proposals inspired by the aforementioned guideline that aspire to strike a balance between equity effectiveness and technical feasibility they include a new corporate tax residence test and most notably a proposal on a new remote sales permanent establishment how this will help you with its case study based on the apple group empirically demonstrating the existence of the profit shifting phenomenon its clearly documented exposure of the reasons why traditional corporate income tax regimes systematically give rise to these outcomes its new tax policy guideline and its proposals for reform this book makes a significant contribution to current tax policy discussions concerning corporate income taxation in cross border scenarios it will be warmly welcomed by all concerned policymakers scholars practitioners with the greatest tax policy challenges that corporate income taxation is facing in the contemporary world

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