

Taxation in the Global Economy

Mihir Desai

IIPF

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Outline

- The secular changes driving the importance of these issues...
- ...combining with high-profile examples and political sentiment
- Much has been learned...
- ...but the appetite for more answers is growing ever larger
- ...as are policy puzzles...
- One particularly salient question...

Secular Changes + High Profile Examples/Sentiment

- A shift in patterns of economic growth
- Rising mobility of investment and activity and individuals
- Changed corporate attitudes...
- Examples of large U.S. corporates that have captivated the imagination ...inversions, UK, EU
- Political salience of corporate activity and tax revenues

Much has been learned...

- Not so long ago: Taxation as an afterthought to optimizing behavior
- Now: Pervasive influence on financing, ownership, investment, IP, and mergers
- Increasingly: Interactions of investment patterns within multinational firms, elite workers, capital income broadly

Appetite for learning more...

- Revenue consequences of profit shifting
- Complementarities between profit shifting and real activity
- Mergers, ownership and taxation
- Links between individual and corporate tax bases
- Speed of the growth of global governance vs. the speed of globalization

Policy Puzzles

Simultaneous browbeating of corporate profit-shifting and growth of patent boxes

...and neglect of administration?

The increasing emphasis on corporate taxes but willingness to accept pass-through entities

Concern over double non-taxation with less regard for harms of double taxation

The decline in perceived meaning of territoriality and worldwide regimes

One particularly salient question...

- The links between corporate identity and national welfare – does it matter to the U.S. if a domestic investment opportunity is pursued by a German or American firm?
- Rent sharing with labor across borders
- Innovation flows within firms
- Shareholders
- Job fragility
- HQs
- Offshoring and home labor markets
- Tax revenues
- Distinctive managerial styles

Taxation and Corporate Social Responsibility

Questions

- Has CSR risen simultaneously with rising corporate tax aggressiveness? Why? What does this say? Is it a cover?
- Is taxation usefully framed as a “social responsibility issue”? What is gained by this? What is lost?
- If taxation is a social responsibility, what else is?
- Are learnings from CSR relevant for tax activities?