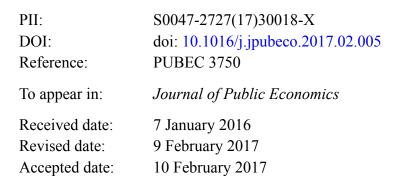
Accepted Manuscript

Profit shifting of U.S. multinationals

Tim Dowd, Paul Landefeld, Anne Moore





Please cite this article as: Tim Dowd, Paul Landefeld, Anne Moore, Profit shifting of U.S. multinationals. The address for the corresponding author was captured as affiliation for all authors. Please check if appropriate. Pubec(2017), doi: 10.1016/j.jpubeco.2017.02.005

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

ACCEPTED MANUSCRIPT

Profit Shifting Of U.S. Multinationals Tim Dowd^a Paul Landefeld^b Anne Moore^c

^aCorresponding author, Joint Committee on Taxation, 503 Ford H.O.B., Washington, DC 20002, USA, tim.dowd@jct.gov.

^bJoint Committee on Taxation, 503 Ford H.O.B., Washington, DC 20002, USA, Paul.landefeld@jct.gov.

^cJoint Committee on Taxation, 503 Ford H.O.B., Washington, DC 20002, USA.¹

Abstract: We analyze the profit shifting behavior of U.S. multinational firms using a unique panel data set of U.S. tax returns over the period 2002-2012. Prior research has found significant effects of tax rates in affiliate and parent countries on the profit shifting behavior of multinational entities, with semi-elasticities ranging from close to zero to well above one. We build on this prior work by allowing more heterogeneity in response across the distribution of tax rates and by including affiliates located in tax havens around the world. Our findings suggest that elasticities based on a log-linear specification may severely understate the sensitivity of profits to tax in low-tax jurisdictions while simultaneously overstating this elasticity in high-tax jurisdictions. Accounting for this type of nonlinearity appears crucial in considering how the global allocation of firm profits might change in response to tax rate changes.

Keywords: International Tax; Profit Shifting; Corporate Tax.

JEL Codes: H2; H3.

¹ Present affiliation: Organisation for Economic Co-operation and Development, 2, rue André-Pascal, 75775 Paris CEDEX 16, France.

Download English Version:

https://daneshyari.com/en/article/5101842

Download Persian Version:

https://daneshyari.com/article/5101842

Daneshyari.com