Taxation of Multinational Corporations

Taxation of Multinational Corporations

Jennifer Blouin

The University of Pennsylvania
USA
blouin@wharton.upenn.edu

the essence of knowledge

Boston – Delft

Foundations and Trends® in Accounting

Published, sold and distributed by:
now Publishers Inc.
PO Box 1024
Hanover, MA 02339
USA
Tel. +1-781-985-4510
www.nowpublishers.com
sales@nowpublishers.com

Outside North America:
now Publishers Inc.
PO Box 179
2600 AD Delft
The Netherlands
Tel. +31-6-51115274

The preferred citation for this publication is J. Blouin, Taxation of Multinational Corporations, Foundation and Trends® in Accounting, vol 6, no 1, pp 1–64, 2011

ISBN: 978-1-60198-532-3

Foundations and Trends® in Accounting

Volume 6 Issue 1, 2011

Editorial Scope

Foundations and Trends® in Accounting will publish survey and tutorial articles in the following topics:

- Auditing
- Corporate Governance
- Cost Management
- Disclosure
- Event Studies/Market Efficiency Studies
- Executive Compensation
- Financial Reporting
- Financial Statement Analysis and Equity Valuation
- Management Control
- Performance Measurement
- Taxation

Information for Librarians

Foundations and Trends® in Accounting, 2011, Volume 6, 4 issues. ISSN paper version 1554-0642. ISSN online version 1554-0650. Also available as a combined paper and online subscription.

Foundations and Trends® in
Accounting
Vol. 6, No. 1 (2011) 1–64

DOI: 10.1561/1400000017

Taxation of Multinational Corporations

Jennifer Blouin

The University of Pennsylvania, USA, blouin@wharton.upenn.edu

Abstract

Multinational taxation is an area of research that encompasses academics in accounting, finance and economics. In particular, researchers are interested in determining whether taxation alters where multinational corporations (MNCs) operate their businesses. A review of the literature on foreign direct investment provides clear support for taxes influencing MNCs' location decisions. In addition, MNCs appear to organize themselves in a manner to increase the amount of their profits invested in relatively lightly taxed jurisdictions. By altering the location and the character of income across jurisdictions, MNCs are able to reduce their tax burdens. The natural extension of these lines of research, then, is determining the welfare consequences of MNCs' sensitivity to taxation.

This review aggregates the large body of international tax literature succinctly in one location. Very little of what is incorporated in this piece is novel. Rather, it borrows heavily from those researchers who have focused their careers on understanding taxation in the multinational context. Unfortunately, because the research in this area is dominated by work involving U.S. data, the review is also quite U.S.-centric. However, many countries' multinational tax rules are quite similar. This is primarily attributable to the conformity generated in tax

treaties based on the model treaty outlined by the Organization for Economic Cooperation and Development (OECD). So, although there is variation in specific tax rules across jurisdictions, the basic tax rules are very homogeneous.

Contents

1

Introduction

Multinational taxation is an area of research that encompasses academics in accounting, finance and economics. Over the years, these researchers have endeavored to understand the role of taxation on multinational corporation ("MNC") behavior. In particular, researchers are interested in determining whether taxation alters where MNCs' operate their businesses. A review of the literature on foreign direct investment provides clear support for taxes influencing MNCs' location decisions. In addition, MNCs appear to organize themselves in a manner to increase the amount of their profits invested in relatively lightly taxed jurisdictions. By altering the location and the character of income across jurisdictions, MNCs are able to reduce their tax burdens. The natural extension of these lines of research, then, is determining the welfare consequences of MNCs' sensitivity to taxation. Ceteris paribus, investors are better off if an MNC can lower its worldwide tax burden. Yet, the revenue consequences to the jurisdictions involved are far less clear.

The central problem of multinational taxation is that there are at least two jurisdictions that can claim the right to tax the firm's income. Firms that only operate within the confines of one jurisdiction face one set of statutory tax rates. Firms that operate in several jurisdictions are not only subject to several sets of tax rates but also several sets of tax regulations. The interplay between rules and rates leads to a multitude of potential tax obligations facing these firms. As the income of multinational corporations faces overlapping tax claims, MNCs have developed various avenues for tax avoidance which complicates tax collection by the tax authorities. Such tax-avoiding behavior may reduce tax revenue and could distort international financial flows and the international allocation of investment by MNCs. An important policy question is to what extent these incentives for tax avoidance actually affect the behavior of MNCs and reduces tax revenue.

Governments also have been known to use the tax system to both attract foreign investment and acquire leverage over MNCs' that they believe are unfairly escaping taxation in their jurisdiction. Hence, there are often competing incentives that lead to conflicting objectives between an MNC's home country and the countries where they do business. Further, many countries are broadly defined to be tax havens. A tax haven can be any country that reduces its statutory tax rates to attract foreign investment. Not only does a relatively low tax rate potentially attract investment, it also likely increases the incentives for a firm operating in a nearby high-tax jurisdiction to shift its profits out of the high-tax jurisdiction into its low-tax neighbor. Many legislators argue that havens are bad for the U.S. But if a U.S. MNC reduces its foreign tax burden, then, as described below, it is effectively increasing its domestic tax burden. Furthermore, the U.S. and the U.K. are known to be particularly astute in pursuing taxpayers who appear to be aggressively undertaking income shifting to low-tax jurisdictions.

Eventually, much of the discussion herein will (hopefully) become obsolete as countries continue to conform their tax regimes. As discussed in detail below, there are two basic tax regimes facing multinational firms: a territorial system, and a worldwide system. Under a territorial system, profits are subject to taxation based on where they are earned regardless of where the ultimate owner (or parent) of the firm resides. Worldwide taxation, on the other hand, subjects all profits to taxation in the parent's home country. At the writing of the review, the U.S. is the sole member of the G7 with a worldwide system of taxation and corporate tax rate in excess of 30%. Both Japan and the U.K. adopted territorial tax systems in 2009. Now, over three quarters of the member nations of the Organization for Economic Coordination and Development (OECD) have adopted a territorial system of taxation. The fact that U.S. MNCs not only face a worldwide system of taxation but also a very high statutory tax rate leads many to believe that U.S. firms are at a relative disadvantage as compared to their non-U.S.-domiciled competitors.

The role of this review is to aggregate the large body of international tax literature succinctly in one location. Very little of what is incorporated in this piece is novel. Rather, it borrows heavily from those researchers who have focused their careers on understanding taxation in the multinational context. Unfortunately, because the research in this area is dominated by work involving U.S. data, the review is also quite U.S.-centric.

However, many countries' multinational tax rules are quite similar. This is primarily attributable to the conformity generated in tax treaties based on the model treaty outlined by the Organization for Economic Cooperation and Development (OECD). So, although there is variation in specific tax rules across jurisdictions, the basic tax rules are very homogeneous.

Much of the prior non-U.S. research used the cross-sectional variation in countries' tax rates to garner variation in other jurisdictions' dividend taxation systems to study the role of shareholder level taxes on payout policy and share prices (e.g., Lasfer, 2008). However, there has been a recent uptick in studies involving non-U.S. corporate data. Because of the availability of Bureau van Dijk's Orbis, Amadeus and the Bundesbanks' datasets, researchers have begun to investigate the role of cross-border taxation on merger and acquisition activity (e.g., Huizinga and Voget, 2009) as well as intra-firm capital structure (e.g., Huizinga et al., 2008). I look forward to reading more of this work in the future.

I begin by outlining all of the (relatively) picky details of taxing multinational firms in Section 2. My focus, due to the limits of my knowledge, is on the U.S. tax regime. As the very notion of multinational implies more than one regime, the consequences of other jurisdictions' tax regimes are also important but, for simplicity, are presumed to merely be different than that of the U.S. In Section 3 of this review, I will discuss the theory and the related research on the role of taxation on foreign direct investment and remittances of profits into the home country. The incentives to undertake income shifting and/or transfer pricing will be described in Section 4. Then, in Section 5, I will address some of the non-tax considerations (including financial accounting) of foreign investment decisions. I discuss some current developments in the multinational tax policy in Section 6. Section 7 concludes.

References

Albring, S., L. Mills, and K. Newberry (2011), 'Do debt constraints influence firms' sensitivity to a temporary tax holiday on repatriations?'. *The Journal of the American Taxation Association* **33**, 1–27.

Altshuler, R. and H. Grubert (2003), 'Repatriation taxes, repatriation strategies, and multinational financial policy'. *Journal of Public Economics* **87**, 73–107.

Altshuler, R. and H. Grubert (2008), 'Corporate taxes in the world economy: Reforming the taxation of cross-border income'. In: J. Diamond and G. Zodrow (eds.): *Fundamental Tax Reform: Issues Choices and Implications*. MIT Press, pp. 319–355.

Altshuler, R., H. Grubert, and T. S. Newlon (2001), 'Has U.S. investment abroad become more sensitive to tax rates?'. In: J. R. Hines (ed.): *International Taxation and Multinational Activity*. University of Chicago Press, pp. 9–32.

Altshuler, R. and T. S. Newlon (1993), 'The effects of U.S. tax policy on the income repatriation patterns of U.S. multinational corporations'. In: A. Giovannini, R. G. Hubbard, and J. Slemrod (eds.): *Studies in International Taxation*. University of Chicago Press, pp. 77–116.

Altshuler, R., T. S. Newlon, and W. Randolph (1995), 'Do repatriation taxes matter? Evidence from the tax returns of U.S. multinationals'.

In: M. Feldstein, J. Hines, and R. G. Hubbard (eds.): *The Effects of Taxation on Multinational Corporations*. University of Chicago Press, pp. 253–272.

Auerbach, A. (1979), 'Wealth maximization and the cost of capital'. *Quarterly Journal of Economics* **93**, 433–446.

Baldenius, T., N. Melumad, and S. Reichelstein (2004), 'Integrating managerial and tax objectives in transfer pricing'. *The Accounting Review* **79**, 591–615.

Barrios, S., H. Huizinga, L. Laeven, and G. Nicodeme (2009), 'International taxation and multinational firm location decisions'. European Commission Taxation Papers Working Paper.

Bartelsman, E. and R. Beetsma (2003), 'Why pay more? Corporate tax avoidance through transfer pricing in OECD countries'. *Journal of Public Economics* **87**, 2225–2252.

Bernard, A., J. B. Jensen, and P. Schott (2006), 'Transfer pricing by U.S.-based multinational firms'. NBER Working Paper 12493.

Blouin, J., J. Collins, and D. Shackelford (2005), 'Does acquisition by non-U.S. shareholders cause U.S. firms to pay less tax?'. *Journal of the American Taxation Association* **27**, 25–39.

Blouin, J., H. Huizinga, L. Laeven, and G. Nicodeme (2011a), 'Thin capitalization rules and multinational firm capital structure'. University of Pennsylvania Working Paper.

Blouin, J. and L. Krull (2009), 'Bringing it home: A study of the incentives surrounding the repatriation of foreign earnings under the American jobs creation act of 2004'. *Journal of Accounting Research* **47**, 1027–1059.

Blouin, J., L. Krull, and L. Robinson (2012a), 'Is U.S. multinational intra-firm dividend policy influenced by reporting incentives?'. *The Accounting Review*, forthcoming.

Blouin, J., L. Krull, and L. Robinson (2012b), 'Where in the world are permanently reinvested earnings?'. University of Pennsylvania Working Paper.

Blouin, J., L. Robinson, and J. Seidman (2011b), 'Coordination of transfer pricing on intra-firm trade'. University of Pennsylvania Working Paper.

Boskin, M. and W. Gale (1987), 'New results on the effects of tax policy on the international location of investment'. In: M. Feldstein (ed.): *The Effects of Taxation on Capital Accumulation*. University of Chicago Press, pp. 201–219.

Bradford, D. (1981), 'The incidence and allocation effects of a tax on corporate distributions'. *Journal of Public Economics* **15**, 1–22.

Brennan, T. (2011), 'Market and cash-flow response to repatriation'. Northwestern Law Working Paper.

Bryant–Kutcher, L., L. Eiler, and D. Guenther (2008), 'Taxes and financial assets: Valuing permanently reinvested foreign earnings'. *National Tax Journal* **61**, 699–720.

Buettner, T., M. Overesch, U. Schreiber, and G. Wamser (2008), 'The impact of thin-capitalization rules on multinationals' financing and investment decisions'. Deutsche Bundesbank Eurosystem Working Paper.

Burne, K. (2010), 'Record low yields for Microsoft; Software Giant Raises $4.75 billion in 2nd trip to market'. *Wall Street Journal* (Online).

Business Roundtable (2011), 'Global effective tax rates'. Presentation prepared by PricewaterhouseCoopers.

Byrnes, W. H. I. (2010), 'The changing landscape of the foreign tax credit regime'. Available at: http://www.lexisnexis.com/community/taxlaw/blogs/practitionerscorner/archive/2010/09/29/the-changing-landscape-of-the-foreign-tax-credit-regime.aspx.

Carroll, R. (2010), 'The importance of tax deferral and a lower corporate tax rate'. Tax Foundation Special Report No. 174. Available at: http://www.taxfoundation.org/files/sr174.pdf.

Chambers, J. and S. Catz (2010), 'The overseas profits elephant in the room'. *Wall Street Journal* October 19, p. A19.

Clausing, K. (2000), 'The impact of transfer pricing on intrafirm trade'. In: J. Hines (ed.): *International Taxation and Multinational Activity*. University of Chicago Press, pp. 173–200.

Clausing, K. (2003), 'Tax-motivated transfer pricing and US intrafirm trade prices'. *Journal of Public Economics* **87**, 2207–2223.

Clausing, K. (2005), 'Tax holidays (and other escapes) in the American Jobs Creation Act'. *National Tax Journal* **58**, 331–346.

Collins, J., J. Hand, and D. Shackelford (2001), 'Valuing deferral: The effect of permanently reinvested foreign earnings on stock prices'. In: J. R. Hines (ed.): *International Taxation and Multinational Activity*. University of Chicago Press, pp. 143–166.

Collins, J., D. Kemsley, and M. Lang (1998), 'Cross-jurisdictional income shifting and valuation'. *Journal of Accounting Research* **36**, 209–229.

Collins, J. and D. Shackelford (1992), 'Foreign tax credit limitations and preferred stock issuances'. *Journal of Accounting Research* **30**, 103–124.

Collins, J. and D. Shackelford (1995), 'Corporate domicile and average effective tax rates: The cases of Canada, Japan, the United Kingdom, and the United States'. *International Tax and Public Finance* **2**, 55–84.

Collins, J. and D. Shackelford (1998), 'Global organization and taxes: An analysis of the dividend, interest, royalty, and management fee payments between U.S. multinationals' foreign affiliates'. *Journal of Accounting and Economics* **24**, 151–173.

Collins, J. and D. Shackelford (2003), 'Do U.S. multinationals face different tax burdens that other companies?'. In: J. Poterba (ed.): *Tax Policy and the Economy*, vol. 17. MIT Press, pp. 141–168.

De Mooij, R. and S. Ederveen (2003), 'Taxation and foreign direct investment: A synthesis of empirical research'. *International Tax and Public Finance* **10**, 673–693.

Desai, M., C. F. Foley, and J. Hines (2001), 'Repatriation taxes and dividend distortions'. *National Tax Journal* **54**, 829–851.

Desai, M., C. F. Foley, and J. Hines (2004), 'A multinational perspective on capital structure choice and internal capital markets'. *The Journal of Finance* **59**, 2451–2487.

Desai, M., C. F. Foley, and J. Hines (2005), 'Foreign direct investment and the domestic capital stock'. *American Economic Review* **95**(2), 33–38.

Desai, M., C. F. Foley, and J. Hines (2006), 'The demand for haven operations'. *Journal of Public Economics* **90**, 513–531.

Desai, M., C. F. Foley, and J. Hines (2007), 'Dividend policy inside the multinational firm'. *Financial Management* **36**, 5–26.

Devereux, M. and H. Freeman (1995), 'The impact of tax on foreign direct investment: Empirical evidence and the implications for tax integration schemes'. *International Tax and Public Finance* **2**, 85–106.

Dharmapala, D., F. Foley, and K. Forbes (2011), 'Watch what I do, not what I say: The unintended consequences of the Homeland Investment Act'. *Journal of Finance* **66**, 753–787.

Drucker, J. (2011), 'Dodging repatriation tax lets U.S. companies bring home cash'. Available at: http://www.bloomberg.com/news/print/2010-12-29/dodging-repatriation-tax-lets-u-s-companies-bring-home-cash.html.

Dyreng, S. and B. Lindsay (2009), 'Using financial accounting data to examine the effect of foreign operations located in tax havens and other countries on U.S. multinational firms' tax rates'. *Journal of Accounting Research* **47**, 1283–1316.

Faulkender, M. and M. Petersen (2011), 'Investment and capital constrains: Repatriations under the American Jobs Creation Act'. University of Maryland Working Paper.

Goodspeed, T. and D. Frisch (1989), 'U.S. tax policy and the overseas activities of U.S multinational corporations: A qualitative assessment'. U.S. Department of the Treasury Working Paper.

Graham, J., M. Hanlon, and T. Shevlin (2011), 'Real effects of accounting rules: Evidence from multinational firms' investment location and profit repatriation decisions'. *Journal of Accounting Research* **49**, 137–185.

Gropp, R. and K. Kostial (2000), 'The disappearing tax base: Is foreign direct investment eroding corporate income taxes?'. European Central Bank Working Paper.

Grubert, H. (1998), 'Taxes and the division of foreign operating income among royalties, interest, dividends and retained earnings'. *Journal of Public Economics* **68**, 269–290.

Grubert, H. (2003), 'Intangible income, intercompany transactions income shifting, and the choice of location'. *National Tax Journal* **56**, 211–242.

Grubert, H., T. Goodspeed, and D. Swenson (1993), 'Explaining the low taxable income of foreign-controlled companies in the

United States'. In: A. Giovannini, R. G. Hubbard, and J. Slemrod (eds.): *Studies in International Taxation*. University of Chicago Press, pp. 237–270.

Grubert, H. and J. Mutti (1991), 'Taxes, tariffs and transfer pricing in multinational corporate decision making'. *The Review of Economic and Statistics* **73**, 285–293.

Grubert, H. and J. Mutti (2000), 'Do taxes influence where U.S. corporations invest?'. *National Tax Journals* **53**, 825–839.

Halperin, R. and B. Srindhi (1987), 'The effects of U.S. income tax regulations' transfer pricing rules on allocative efficiency'. *The Accounting Review* pp. 686–706.

Harris, D. (1993), 'The impact of U.S. tax law revision on multinational corporations' capital location and income-shifting decisions'. *Journal of Accounting Research* **31**, 111–140.

Harris, D., R. Morck, J. Slemrod, and B. Yeung (1993), 'Income shifting in U.S. multinational corporations'. In: A. Giovannini, R. G. Hubbard, and J. Slemrod (eds.): *Studies in International Taxation*. University of Chicago Press, pp. 277–301.

Harris, D. and R. Sansing (1998), 'Distortions caused by the use of arm's-length transfer prices'. *Journal of the American Taxation Association* **(Supplement)**, 40–50.

Hartman, D. (1981), 'Domestic tax policy and foreign investment: Some evidence'. NBER Working Paper.

Hartman, D. (1984), 'Tax policy and foreign direct investment in the United States'. *National Tax Journal* **37**, 475–487.

Hartman, D. (1985), 'Tax policy and foreign direct investment'. *Journal of Public Economics* **26**, 107–121.

Hines, J. (1994), 'Credit and deferral as international investment incentives'. *Journal of Public Economics* **55**, 323–347.

Hines, J. (1995), 'Taxes, technology transfer, and the R&D activities of multinational firms'. In: M. Feldstein, J. Hines, and R. G. Hubbard (eds.): *The Effects of Taxation on Multinational Corporations*. University of Chicago Press, pp. 225–248.

Hines, J. (1996), 'Dividend and Profits: Some unsubtle foreign influences'. *The Journal of Finance* **51**, 661–689.

Hines, J. (2008), 'Foreign income and domestic deductions'. *National Tax Journal* **59**, 461–475.

Hines, J. and R. G. Hubbard (1990), 'Coming home to America: Dividend repatriations by U.S. multinationals'. In: A. Razin and J. Slemrod (eds.): *Taxation in the Global Economy*. University of Chicago Press, pp. 161–200.

Hines, J. and E. Rice (1994), 'Fiscal Paradise: Foreign tax havens and American business'. *Quarterly Journal of Economics* **109**, 149–182.

Horst, T. (1971), 'The theory of the multination firms: Optimal behavior under different tariff and tax rates'. *Journal of Political Economy* **79**, 1059–1072.

Horst, T. (1977), 'American taxation of multinational firms'. *The American Economic Review* **67**, 376–389.

Huizinga, H. and L. Laeven (2008), 'International profit-shifting within multinationals: A multi-country perspective'. *Journal of Public Economics* **92**, 1164–1182.

Huizinga, H., L. Laeven, and G. Nicodeme (2008), 'Capital structure and international debt shifting'. *Journal of Financial Economics* **88**, 80–118.

Huizinga, H. P. and J. Voget (2009), 'International taxation and the direction and volume of cross-border M&As'. *Journal of Finance* **64**, 1217–1249.

Jacob, J. (1996), 'Taxes and transfer pricing: Income shifting and the volume of intrafirm transfers'. *Journal of Accounting Research* **34**, 301–312.

Jensen, M. (1986), 'Agency costs of free cash flow, corporate finance and takeovers'. *The American Economic Review* **76**, 323–329.

Joint Committee on Taxation (2010), *Present Law and Background Related to Possible Income Shifting and Transfer Pricing*. JCX-37-10. Washington, DC: U.S. Government Printing Office.

Jun, J. (1990), 'U.S. tax policy and direct investment abroad'. In: A. Razin and J. Slemrod (eds.): *Taxation in the Global Economy*. University of Chicago Press, pp. 55–78.

Keis, K. (2007, September 10), 'A perfect experiment: Deferral and the U.S. shipping industry'. *Tax Notes* p. 997.

Kemsley, D. (1998), 'The effect of taxes on production location'. *Journal of Accounting Research* **36**, 321–341.

King, M. (1977), *Public Policy and the Corporation*. London: Chapman and Hall.

Klassen, K., M. Lang, and M. Wolfson (1993), 'Geographic income shifting by multinational corporations in response to tax rate changes'. *Journal of Accounting Research* **31**, 141–173.

Klassen, K. and S. Laplante (2011), 'Are U.S. multinational corporations becoming more aggressive income shifters?'. University of Waterloo Working Paper.

Kleinbard, E. (2011), 'The lessons of stateless income'. *Tax Law Review*. forthcoming.

Kopits, G. (1972), 'Dividend remittance behavior within the international firm: A cross-country analysis'. *The Review of Economics and Statistics* **54**, 339–342.

Krull, L. (2004), 'Permanently reinvested foreign earnings, taxes, and earnings management'. *The Accounting Review* **79**, 745–767.

Lasfer, M. (2008), 'Taxes and ex-day returns: Evidence from Germany and the U.K.'. *National Tax Journal* **61**, 721–742.

Leechor, C. and J. Mintz (1993), 'On the taxation of multinational corporate investment when the deferral method is used by the capital exporting country'. *Journal of Public Economics* **51**, 75–96.

Markle, K. (2011), 'A comparison of the tax-motivated income shifting of multinational in territorial and worldwide countries'. University of Waterloo Working Paper.

Markle, K. and D. Shackelford (2010), 'Cross-country comparisons of corporate income taxes'. University of North Carolina Working Paper.

Mills, L. and K. Newberry (2004), 'Do multinationals' tax incentives influence their U.S. income reporting and debt policy?'. *National Tax Journal* **57**, 89–107.

Mullins, P. (2006), 'Moving to territoriality? Implications for the United States and the rest of the world'. International Monetary Fund Working Paper.

Mutti, J. (1981), 'Tax incentives and the repatriation decisions of U.S. multinational corporations'. *National Tax Journal* **34**, 241–248.

Newberry, K. (1998), 'Foreign tax credit limitations and capital structure decisions'. *Journal of Accounting Research* **36**, 157–166.

Newberry, K. and D. Dhaliwal (2001), 'Cross-jurisdictional income shifting by US. Multinational: Evidence from international bond offerings'. *Journal of Accounting Research* **39**, 643–662.

Power, L. and G. Silverstein (2007), 'The foreign source income repatriation patterns of U.S. parents in worldwide loss'. *National Tax Journal* **60**, 537–549.

President's Advisory Panel on Federal Tax Reform (2005), *Simple, Fair and Pro-Growth: Proposals to Fix America's Tax System*. Washington, DC: U.S. Government Printing Office.

Redmiles, M. and J. Wenrich (2007), 'A history of controlled foreign corporations and the foreign tax credit'. *Statistics of Income Bulletin* Summer, pp. 129–135.

Sinn, H. W. (1991), 'The vanishing Harberger triangle'. *Journal of Public Economics* **45**, 271–300.

Sinn, H. W. (1993), 'Taxation and the birth of foreign subsidiaries'. In: H. Herberg and N. V. Long (eds.): *Trade Welfare, and Economic Policies: Essays in Honor of Murray C. Kemp*. University of Michigan Press, pp. 325–352.

Slemrod, J. (1990), 'Tax effects on foreign direct investment in the U.S.: Evidence from a cross-country comparison'. In: A. Razin and J. Slemrod (eds.): *Taxation in the Global Economy*. University of Chicago Press, pp. 79–122.

Swenson, D. (2001), 'Tax reforms and evidence of transfer pricing'. *National Tax Journal* **54**, 7–25.

Wilson, P. (1993), 'The role of taxes in location and sourcing decisions'. In: A. Giovannini, R. G. Hubbard, and J. Slemrod (eds.): *Studies in International Taxation*. University of Chicago Press, pp. 195–231.

Zion, D., A. Varshney, and C. Cornett (2010), 'Taxes going up'. *Credit Suisse Equity Research Accounting & Tax Report* February 5.

Zion, D., A. Varshney, and C. Cornett (2011), 'Parking earnings overseas'. *Credit Suisse Equity Research* April 26.