

Corporate Tax Power & Corporate Social Tax Responsibility

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Corporate power is growing rapidly in tax matters too. Countries compete in reducing corporate and capital tax rates and in giving tax holidays and benefits to attract mobile capital and corporations to their territories.¹ Multinational Corporations use different tax planning strategies to reduce their worldwide tax liability.² The effective worldwide tax rate of multinationals as Google, Facebook & Amazon is low and unfair. E-commerce enhances corporate tax power.³ In my paper, I would like to elaborate on the concept of "corporate tax power" by defining it in the context of the literature on corporate power and by analyzing the different examples and aspects of this power and its sources.

International Organizations, Countries and public interest activists are increasing their efforts to cope with the challenges of corporate tax power. The OECD had recently published his Action Plan on base Erosion and Profit Shifting⁴ as well as his Standard for Automatic Exchange of Financial Account Information⁵ to supplement several other measures taken by the OECD along the past years. The G20 leaders backed these ambitious proposals of the OECD.⁶ The USA has enacted the Foreign Account Tax Compliance Act (FATCA) in 2010. The Tax justice Network⁷ advocacy and campaigns became more popular and the news coverage of tax avoidance issues is wider while some leading newspapers are calling for competing tax avoidance and increasing tax transparency. In my paper, I will review and analyze the different measures taken at the different levels to cope with the use of corporate power to reduce corporate tax liability and effective tax rates. I will argue that these measures represent a moment of change in the international arena to reflect higher level of international cooperation to tackle these global challenges.

¹ See: Reuven Avi Yonah, Globalization, Tax Competition, and the fiscal Crisis of the Welfare State, 113:7 Harvard Law Review 1573-1676 (2000); Jack Mintz: Corporate Tax Holidays and Investment, World Bank Econ Rev (1990) 4 (1): 81-102 .

² See: Edward D Kleinbard, Stateless Income, 11 Florida Tax Review 700 (2011).

³ See: Rifat Azam, Global Taxation of Cross Border E-commerce Income, 39 Virginia Tax Review 639 (2012).

⁴ <http://www.oecd.org/ctp/BEPSActionPlan.pdf>

⁵ <http://www.oecd.org/tax/exchange-of-tax-information/Automatic-Exchange-Financial-Account-Information-Common-Reporting-Standard.pdf>

⁶ <https://www.skadden.com/insights/g20-leaders-endorse-greater-international-tax-transparency> ; <http://www.bloomberg.com/news/2014-02-23/g-20-agrees-to-automatic-tax-data-sharing-by-end-2015-oecd-says.html>

⁷ <http://www.taxjustice.net/>

My intervention in the paper would be my proposal to develop and strengthen corporate social tax responsibility as an additional measure in the set of tools to cope with corporate tax power.⁸ Corporate Social Responsibility (CSR) has developed along the years to include considerations of different stakeholders but it didn't develop enough to include the public interest of fair taxation. In my view, corporate social tax responsibility is required to curb corporate tax power. Power without responsibility is akin to promiscuity. I will examine the advantages and disadvantages of this measure in tackling corporate tax power. I will try to propose specific legislation to enhance corporate social tax responsibility including the idea of "tax disclosure stamp" on leading products of Multinational Corporations.

This project is part of my large project on global taxation in the era of globalization that handles different aspects of taxation in the 21st century. I hope that my proposed paper will contribute to the integration of tax law into corporate law to bring the important taxation aspects into the debate on corporate power in global society.

⁸ See: Judith Freedman, Tax and Corporate Responsibility, *Tax Journal*, Issue 695, 2 (2003); Reuven Avi Yonah, Taxation, Corporate Social Responsibility, and the Business Enterprise (CLPE, 2009); Chun Keung Hoi & Others, Is corporate Social responsibility (CSR) Associated with Tax Avoidance? Evidence From Irresponsible CSR Activities; Alan Muller & Ans Kolk, Responsible Tax as Corporate Social Responsibility: The Case of Multinational Enterprises and Effective Tax in India; Suzan Landry, Tax Aggressiveness, Corporate Social Responsibility, and Ownership Structure 14 *Journal of Accounting, Ethics & Public Policy* 611 (2013).