

# **CORPORATE INCOME TAXES UNDER PRESSURE**

**Why Reform  
Is Needed and  
How It Could Be  
Designed**

EDITORS

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# Foreword

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International corporate taxation has been a core element of the IMF's tax work for decades.

In the IMF's capacity development work, the tax treatment of multinational corporations has been a recurring theme covering wide-ranging topics, including advice on tax incentives intended to attract foreign direct investment, the tax treatment of companies in extractive industries, and the safeguarding of revenue against profit shifting. This work, especially in developing countries, has significantly intensified. International tax issues are also being analyzed more deeply as part of the IMF's regular macroeconomic surveillance of members. Over the last few years, a diverse range of countries has undergone in-depth assessment of their international corporate taxation, prepared by or with Fiscal Affairs Department staff and published with the standard annual surveillance (Article IV) reports.

On the analytical front, international tax issues came into increased prominence after the global financial crisis of 2009, and IMF staff have contributed to the global tax discussions. The IMF published two policy papers in 2014 and 2019 that directly addressed issues in the international tax debates—based upon several underlying research papers. In 2015 a book about international tax issues in extractive industries was published, and in 2017 another on the implications of digitalization for the public finances.

While much work was embodied in the 2019 IMF Policy Paper “Corporate Taxation in the Global Economy,” space constraints did not allow for a deep explanation of core concepts and issues, nor to completely exhibit the underlying research and analysis. This volume therefore complements the 2019 IMF Policy Paper, providing additional background and detailed research. Of course, it does not mark the end of the IMF's work in this area. On the contrary, we expect the field to be very busy for many years to come. For example, we expect and hope that 2021 will be the year of deepening of international cooperation. International taxation is crucial for this agenda.

Vitor Gaspar  
*Director, Fiscal Affairs Department*  
*International Monetary Fund*

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# Preface

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This book complements the 2019 IMF Policy Paper “Corporate Taxation in the Global Economy,” providing additional background and detailed research. It is organized so as to guide readers in a structural manner through the issues in international taxation. Apart from readers who go through the entire book, however, each of the chapter is self-contained to facilitate reading of selected chapters. While the book was mostly prepared prior to the COVID-19 crisis, the topics covered are likely only to have increased in importance. Notably, the need for globally coordinated efforts to further reduce profit shifting and tax competition is likely to be greater in a world in which many countries will want to raise revenues to cover the cost of the crisis in a progressive manner. And the desire of many countries to shift the long-standing allocation of the international tax base has likewise intensified.

We are grateful to the many contributing authors of this book for sharing their deep knowledge of the issues and their enthusiasm and efforts to put in significant work during a time of already heavy work pressures. Many other IMF staff members have contributed to its completion by reviewing and commenting on chapters, sharing ideas in brainstorming meetings, and formatting tables and figures, among many other tasks. While they are too many to name, we are indebted to them.

We would like to thank the management of the Fiscal Affairs Department, notably Vitor Gaspar and Michael Keen, for their support of this book. It has also benefited greatly from the expertise and advice of colleagues in the Communications Department, including our primary counterparts Joe Procopio and Gemma Diaz.

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