

Evidence and Myths about Tax Competition

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Abstract:

This paper examines various arguments addressed in favour and against tax competition. It pays attention to definitional matters of tax rates and bases, reviews empirical evidence concerning development of corporate taxes in EU and G7 countries over last decades and investigates whether anything suggests that there has been interdependence in corporate tax rate setting across countries. Furthermore, it recapitulates efforts done both by the OECD and the EU to stop tax competition. Finally, the paper attempts to reject the core of arguments put forward by proponents of tax harmonization and discusses the alleged problem posed by tax havens.

JEL: F21, H25