Stopping tax avoidance without causing “flight”

Original Reporting | By Meade Klingensmith | Corporations, Taxes

June 26, 2013 — On May 21st, the U.S. Senate held a hearing designed to spotlight the practice of tax avoidance by multinational corporations. That practice has attracted international attention and anger for months, from protests and boycotts of Starbucks in the United Kingdom last December to a French claim against Amazon.com for 252 million euros ($334.5 million) in unpaid taxes. Citizens for Tax Justice, a non-profit tax-policy advocacy group based in Washington, D.C., estimated in a recent report that, if just 290 of the Fortune 500 companies that engaged in tax avoidance repatriated all their foreign profits from the most recent fiscal year, it “could result in almost $491 billion in added corporate tax revenue.”

“Unrepatriated earnings” are a function of the “deferral” provisions in current U.S. tax law that allow a multinational not to pay taxes on overseas profits unless and until such a company decides to bring those profits back to the U.S.

> The U.S. can “play a very important role in taking the first step,” and thereby help to level the international playing field. — Øygunn Sundsbø Brynildsen

Some public policy advocates argue the U.S. should not be disturbed by the practice of deferral, but, instead, should adapt to the “reality” of an international tax system in which some territories, such as Ireland, Bermuda, and the Cayman Islands, maintain much lower corporate tax rates than the international norm. Such advocates tend to see current U.S. law as putting U.S. corporations at a competitive disadvantage, and support the adoption of a “territorial tax system” in which the U.S. would levy no taxes at all on foreign profits made by U.S.-based multinational corporations.

Other advocates, however, would replace deferral with a regime that taxed profits immediately, regardless of where they were earned, and argue that doing so would dramatically cut back on the incentive and ability for U.S. corporations to engage in international tax avoidance.

Would ending deferral have dangerous consequences, from making U.S. corporations uncompetitive with their overseas counterparts to driving those corporations to move their headquarters’ overseas? Remapping Debate’s inquiries have found that such concerns appear to be overstated, and that the U.S.— acting unilaterally or in concert with the international community — has a range of policy options that could mitigate or nullify those effects.

A broken system?

According to tax experts, the United States' current international taxation policies both create strong incentives for international corporations to avoid paying U.S. taxes and provide the means for them to do so. Steve Wamhoff, the legislative director for Citizens for Tax Justice, told Remapping Debate, "Allowing corporations to defer the U.S. taxes on their offshore profits [is] of benefit to these corporations, because they can continue to hold these profits offshore — or claim that these profits are offshore — for years and years and years without having to pay any tax on them."

Kyle Pomerleau, an economist at the Tax Foundation's Center for Federal Tax Policy, said that given "the reality of the international economy," corporations are acting entirely rationally by using loopholes and tax havens (though he preferred not to use that term) to reduce their tax rates. "You'd expect [it], just as an individual takes advantage of a child tax credit [and] education tax credits…You're not blaming those individuals…They're just trying to take advantage of the tax system as it was set up," he said.

> "The big thing would be just getting rid of deferral. It's an incentive to basically shift as much profit overseas [as possible]." — Thomas L. Hungerford

Remapping Debate asked Pomerleau if there wasn't a role for the U.S. and other national governments, either acting alone or in concert, to influence or shape the worldwide economy in order to produce a more desirable result. Pomerleau rejected that idea: "The global economy must be taken as a given," he wrote in an email.

Øygunn Sundsbø Brynildsen, a policy and advocacy officer at Eurodad, a network of non-governmental organizations from 19 European countries dedicated to researching issues of debt and development, disagrees. "I believe you can legislate the international system," she said. "The U.S. is a global power… I think the U.S., by having strong rules, can sort of pave the way for a global system that will benefit everyone — everyone in terms of all countries." Brynildsen said that if the U.S. or another "global power," such as the European Union, were to take strong action against corporate tax avoidance, "Then it will be much easier for others to follow." She believes the U.S. can "play a very important role in taking the first step," and thereby help to level the international playing field.

Ending deferral

Some advocates for corporate tax reform believe it *is* possible to create an environment in which corporations would have fewer incentives and less opportunity to avoid paying U.S. taxes. With remarkable consistency, these advocates argued that the most important measure the U.S. could take would be ending its deferral policy. "The answer is to get rid of the rule that encouraged all the corporations to shift all their profits offshore in the first place, which is deferral. Until then, you're going to still have a system where corporations have some sort of incentive to do that," said Wamhoff.

Thomas L. Hungerford, a senior economist and the director of tax and budget policy at the Economic Policy Institute, a left-leaning think tank, agreed. When asked about what he believed would be the most effective measure the U.S. could take to combat tax avoidance, he replied, "The big thing would be just getting rid of deferral. It's an incentive to basically shift as much profit overseas [as possible]."

And Nicole Tichon, the executive director of Tax Justice Network USA, the U.S. branch of an international coalition of tax researchers and activists based in the United Kingdom, added that deferral "incentivizes companies to not only defer their taxes, but to keep their operations offshore."

A bill that would end deferral is currently on the floor of the U.S. House of Representatives. The Corporate Tax Fairness Act, developed by Senator Bernie Sanders (I-Vt.) in the Senate and Representative Janice Schakowsky (D-Ill.) in the House, was referred to the House Committee on Ways and Means in February, 2013, where it currently remains. The bill has only three co-sponsors: Representatives Keith Ellison (D-Minn.), Alan Grayson (D-Fla.), and Raul Grijalva (D-Ariz.).

> The proposed legislation "would still allow [companies] to subtract the amount of money they paid to foreign countries for taxes." — Rep. Schakowsky

Rep. Schakowsky asserted the importance of her bill in an interview with Remapping Debate. "Because of special rules for corporations and incentives we give them to set up foreign tax havens and engage in tax avoidance, [there is] about $590 billion over the next decade that could be in the U.S. Treasury." Having that money, she said, "would avoid having to do things like cut nutrition programs for poor people, which we're doing right now." Tax avoidance by multinational corporations, she said, "really burdens…the vast majority of Americans in this country, and we should end that."

And what would be the most important tool the U.S could use to reclaim the money lost to tax avoidance? "Really the big thing would be just to end the deferral of foreign source income and tax them for it," Rep. Schakowsky said.

Hungerford recognized that ending deferral is, at least in this session of Congress, "kind of pie in the sky. I just don't see any of this going through Congress at this time. But I think eventually [ending deferral] is probably the easiest thing to do…Then you just don't have that problem."

Double taxation?

Those who argue against ending deferral often invoke the specter of "double taxation." Let's Invest for Tomorrow America (LIFT America), a coalition of major multinational corporations and trade associations dedicated to advocating for a territorial tax system, including Cisco, HP, Intel, Pfizer, and the Coca-Cola Company, declares in its issue brief: "The problem is that U.S. companies are taxed here on their U.S. earnings, taxed abroad on their foreign earnings, and then taxed again when those foreign earnings are brought back home."

Steve Wamhoff, however, said the claim of double taxation is simply false. "There is a foreign tax credit that exists under the current rules. Say you were a U.S. corporation and you didn't want to defer…If you bring your profits back to the U.S., you get a credit for the taxes you pay to another government." For example, he said, if a hypothetical foreign country has a 20 percent corporate tax rate, when a multinational brings its profits back from that country to the U.S., it will pay only 15 percent of the U.S.'s 35 percent federal corporate tax rate. Rep. Schakowsky confirmed that under her proposal for ending deferral, "We would still allow [corporations] to subtract the amount of money they paid to foreign countries for taxes."

Remapping Debate asked those who oppose ending deferral whether the foreign tax credit nullifies the concern about double taxation. Kyle Pomerleau of the Tax Foundation at first said that companies are "taxed twice on [their] profits." When we asked him about the foreign tax credit, he said, "That's exactly what that foreign tax credit is there for. It's meant to alleviate that double taxation…However, there are instances in which that foreign tax credit doesn't account for the taxes paid overseas."

As an example, he cited "dual capacity regulations," which primarily affect multinational oil and gas companies. These regulations prohibit such companies from declaring payments paid by corporations to foreign governments in exchange for "a specific economic benefit" from receiving a foreign tax credit for those payments. We asked Pomerleau whether, as a rule, double taxation nevertheless does not take place. He responded, "It's hard to know exactly where it happens or when it happens."

"Other kinds of competitiveness"

When the need to "maintain a level playing field" is discussed, it is most often in the context of competition between U.S.-based corporations and corporations based in other countries. But Citizens for Tax Justice's Steve Wamhoff believes that, "There are other kinds of competitiveness you have to think about."

To illustrate, he cited the example of two competing companies in the U.S., one of which is multinational and the other strictly domestic. "The multinational one…is able to do all sorts of things to make its U.S. profits look like foreign profits and not pay any U.S. taxes on them, whereas the U.S. company that's strictly domestic can't engage in all those shenanigans. So you have a situation where the multinationals, which typically are probably going to be much bigger corporations, are going to have a competitive advantage for tax reasons over a company that is just domestic, which is likely to be a smaller business."

Macdara Doyle, a communications officer for the Irish Congress of Trade Unions, believes the same problem affects Ireland. "The indigenous and local businesses on the street — maybe a retailer or maybe a local manufacturer — they don't have the capacity to do the same kinds of lousy write-offs…That's clearly not a free market operation. That's unfair competition," he said.

When we expressed Wamhoff's and Doyle's concerns to Claire Buchan Parker of LIFT America, she responded that a multinational corporation and a domestic company would pay the same tax on profits they make in the United States. "This debate isn't about profits companies make in the United States," she said. We pointed out that while that may be true in theory, it is widely known that companies attempt to manipulate the tax system to make domestic profits appear international on paper. She simply responded by saying, "The LIFT coalition believes that there need to be provisions in reform that prevent abuse."

Killing competition?

Claire Buchan Parker, a spokesperson for LIFT America, admitted that "it's not double taxation" to tax overseas profits because of the foreign tax credit but said the U.S. does levy "an additional tax that the competitors don't have to pay," referring to the fact that most other countries treat multinational corporations more favorably by having only a territorial tax system. We also asked a spokesperson for the Alliance for Competitive Taxation (ACT) campaign, another coalition of major multinational corporations that has a significant overlap in membership with LIFT America, about double taxation. The campaign responded similarly: "While U.S. businesses get a foreign tax credit for most of their taxes paid elsewhere, because U.S. taxes are the highest among all countries in the world…U.S. companies in general face an additional tax when trying to invest foreign earnings back into the United States."

Remapping Debate asked the office of Senator Rand Paul, who strongly objected to the tone of the Senate's May hearings on corporate tax avoidance, for the Senator's stance on ending deferral. Senator Paul's spokesperson responded in an email that the United States' high corporate tax rate "makes doing business [as a U.S. corporation]…more difficult than the rest of the world; ending deferral would only worsen the problem." She described it as a measure that would make the U.S. tax code "less competitive" and would "increase the burden for American companies."

It is true U.S. corporations that do not defer profits must supplement the taxes they have paid to foreign governments with taxes remitted to the U.S. Treasury. In that way, their combined payments are equivalent to what they would have paid if the profits had been earned in the U.S. That is an arrangement that does not exist in most countries.

> "If allowing corporations to *defer* taxes on their offshore profits creates these incentives, then giving them a complete *exemption* on taxes on their offshore profits will logically increase these incentives." — Steve Wamhoff

Parker asserted that this "punishes companies who want to bring their profits back home." Pomerleau agreed, referring to this remainder as a "toll charge" which puts U.S. corporations at a "competitive disadvantage" against their overseas rivals. He said it is this toll charge that incentives corporations to keep their profits overseas and not repatriate them; deferral simply allows them to do so.

According to Nicole Tichon, however, "The idea that corporations are taxed in the U.S. at a higher rate, and they're being treated unfairly somehow, is laughable. The effective tax rate for large corporations is at about 12 percent according to the Congressional Budget Office, and that's a non-partisan statistic." (Remapping Debate confirmed this figure as accurate as of 2012 data — the exact number is 12.1 percent). Though the U.S. has the highest statutory tax rate in the world, its average effective tax rate after the numerous tax breaks unique to the U.S. tax code is, as has been widely reported, significantly closer to the global average. The "additional tax" faced by U.S. multinationals who choose to repatriate their foreign profits, then, may not be much of a burden after all.

Furthermore, Steve Wamhoff said, ending all taxation on overseas profits, as Pomerleau, Parker, and the ACT campaign recommend, would only exacerbate the tax avoidance problem. “If allowing corporations to *defer* taxes on their offshore profits creates these incentives, then giving them a complete *exemption* on taxes on their offshore profits will logically increase these incentives,” he said. “They’ll have even more incentive to ship jobs offshore and shift profits to tax havens.” Ending deferral, he said, would be the only way to guarantee corporations pay the taxes they owe.

Rep. Schakowsky believes U.S. corporations have a responsibility to pay their U.S. taxes. “These are companies who can well afford to pay their taxes in the United States of America,” she said. “They are and they want to be American companies…It’s about corporate patriotism, in a way, that we’re calling on them to pay their fair share.”

Moving overseas?

Might companies simply pack up and move their headquarters overseas if subject to annual U.S. taxation of all of their profits? And if this is a genuine danger, how could the U.S. prevent it from happening?

Tom Hungerford told Remapping Debate there isn’t much cause for alarm. “We do have anti-inversion rules,” he said. “You can’t just pick up and move offshore costless.” Corporate inversion is defined as the act of moving a company’s headquarters overseas while leaving the bulk of its operations and employees in the United States. Under the most recent set of IRS rules, if 80 percent or more of the stock of the new overseas parent company is still held by the former shareholders of the U.S. company, the new foreign company (referred to as the “surrogate foreign corporation”) will be subject to U.S. taxes.

> “We do have anti-inversion rules,” said Tom Hungerford. “You can’t just pick up and move offshore costless.”

Steve Wamhoff agreed the concern about corporations moving overseas in the wake of ending deferral is “definitely a very, very exaggerated fear.” To further prevent it, however, he suggested the U.S. could pass management and control rules of the type proposed by Senator Carl Levin (D-Mich.). These rules would act as a stronger version of the IRS’ anti-inversion ones. As described in a press release from Sen. Levin’s office, they would “treat…foreign corporations that are publicly traded or have gross assets of $50 million or more and whose management and control occur primarily in the United States as U.S. domestic corporations for income tax purposes.” (The proposal does not specify exactly how it would determine whether a corporation’s management and control is “primarily in the United States,” instead leaving the exact contours to rules to be written later.)

If such rules were in place, Wamhoff said, the management of corporations would have to physically move in order to avoid U.S. taxes. “Now, do you believe that everybody running the corporation is going to get up and leave and move to Bermuda?” he asked. “Well, they can. I doubt that’s going to happen.”

Other loopholes?

If the U.S. ends its deferral policy, might corporations simply find other loopholes to exploit? Wamhoff agreed with the idea that even if they *are* able to find such loopholes, ending deferral would at the very least make their efforts to avoid taxation much more difficult. In fact, he seemed confident that there would be very few loopholes for them to find. “If you end deferral,” he said, “that dramatically cuts back the amount of abuses that they can do.”

Tom Hungerford, however, expressed concern about the ability of corporate lawyers to find loopholes in *any* tax regime. “Whatever you do, smart lawyers are going to come up with some kind of idea,” he said. He evoked President Franklin Delano Roosevelt, who said at a 1935 press conference, “There is a very great distinction between tax evasion and tax avoidance. Tax avoidance means that you hire a $250,000-fee lawyer, and he changes the word ‘evasion’ into the word ‘avoidance.’”

Eurodad’s Øygunn Sundsbø Brynildsen agreed that “those with a lot of resources that want to find loopholes will find loopholes.” Nevertheless, she said, “The issue is to make the loopholes smaller, and also to make it easier to find those who don’t obey the law, or those who behave in a very irresponsible manner.”

Exit tax

As another measure designed to prevent U.S.-based multinationals from moving their headquarters overseas, Tom Hungerford of the Economic Policy Institute suggested ending deferral could be paired with the implementation of “a large exit tax on firms who would move offshore.”

According to an IRS guidance document, the United States already levies an “expatriation tax” on individuals who choose to renounce their U.S. citizenship and have a net worth greater than $2 million or an average annual income (in the 5 years prior to expatriation) of “a specified amount that is adjusted for inflation.” This amount was $151,000 in 2012. If an individual qualifies for the expatriation tax, the IRS will calculate the fair market value of all property he owns, including bank and brokerage accounts. They will then treat the individual as though he sold that property and tax him on the “gains” he would have accrued if the sale were real at the current tax rate for capital gains (though as of 2012, the first $651,000 of gains are exempt from taxation).

There is precedent for similar laws that target corporations rather than individuals. Such laws are common in Europe, where the UK, Belgium, Denmark, and the Netherlands, among others, all have corporate exit taxes. In recent years, the European Commission has requested that these nations amend their laws to allow for deferred payment of exit taxes rather than the immediate payment originally required. The general principle of corporate exit taxes, however, has been upheld. By adopting a corporate exit tax, Tom Hungerford believes, the U.S. could create a strong incentive against corporate inversion.

International cooperation

Emer Traynor, a spokesperson for Algirdas Semeta, the European Commissioner for taxation, customs, statistics, audit and anti-fraud, said that because the loopholes corporations exploit are found in bilateral tax treaties and other international arrangements, "national measures alone are not going to work." For this reason, she described an approach rooted in international cooperation as "crucial" to ending corporate tax avoidance. Brynildsen agreed. "If you look at tax avoidance…it's a cross-border problem, so you definitely need cross-border solutions, and in order to get those you need different governments to contribute," she said.

There are a number of measures the international community could take in order to combat tax avoidance. The most dramatic of these would be the adoption of a unitary tax system — otherwise known as a "formulary apportionment" system. James S. Henry, the chair of the Global Alliance for Tax Justice, the campaigning body of the Tax Justice Network, described formulary apportionment as a system in which taxation is "actually based on real activity." The overall corporate profit of an entity (including the parent company and all subsidiaries) would be assessed on a worldwide basis and allocated according to real activities, he said. This would be calculated using a consistent, agreed-upon formula based on the profits earned and the employees present in each country in which the corporation did business in a given year. "That's the more-or-less longer term agenda" of those who advocate for a unified international tax regime, Henry said.

According to Traynor, the European Union is currently considering a proposal to adopt a "single corporate tax base for multinational companies within Europe" in which taxes would be calculated via formulary apportionment. Adopting this measure would require the

CONGRESSIONAL SUPPORTERS OF LOWER CORPORATE TAXES REFUSE TO ANSWER BASIC QUESTIONS

Over the course of two business days, Remapping Debate repeatedly reached out for comment, via phone and email, to the communications staffers of five Republican members of the United States Congress who have spoken out in support of cutting the corporate tax rate on the rationale that doing so would help make U.S. multinationals more competitive; of moving the U.S. to a territorial tax system; or both.

None of them responded to our inquiries.

The members we reached out to are: Rep. Dave Camp (R-Mich.), Rep. David Schweikert (R-Ariz.), Sen. Tim Scott (R-S.C.), Rep. Jim Sensenbrenner (R-Wis.), and Rep. Pete Sessions (R-Texas).

The questions they did not answer are below:

1. Broadly, do you believe the U.S. should embrace international cooperation as a method for thwarting corporate tax avoidance? Why or why not?

2. If no: Isn't it true that multinational corporations sometimes avoid taxes by exploiting the loopholes in existing treaties and other international agreements? Isn't international cooperation therefore necessary in order to most effectively combat tax avoidance?

3. There have been proposals for requiring country-by-country reporting on profits made by multinational corporations in order to make transparent how much corporations are paying in taxes to each country in which they do business. Would you support the United States' participation in such an agreement? Why or why not?

4. Would you support the United States' participation in a system of "formulary apportionment" in which the overall profit of a corporate entity (including the parent company and all subsidiaries) would be assessed on a worldwide basis and allocated according to real activities? Why or why not?

5. Don't the proposals mentioned above, along with many other potential international agreements, show that international cooperation can help level the playing field and encourage an international race to the top rather than a race to the bottom? And if so, shouldn't the U.S. be encouraging and participating in such agreements?

6. Do you support ending the deferral of foreign source income as a means of combating tax avoidance? Why or why not?

7. If no: isn't it true that deferral creates an incentive for profit shifting to tax havens by allowing multinational corporations to indefinitely avoid paying U.S. taxes on offshore profits, even if those profits are simply made to appear as though they were generated in a low-tax country? If so, why would the U.S. not want to end that incentive?

unanimous consent of all EU member states, however. Acknowledging the obvious, she said, "It's not going to be the easiest proposal to get agreement on." She did, however, note that a smaller subset of countries may agree to adopt the system on their own, as happened when eleven member states agreed to adopt a unified financial transaction tax earlier this year. Steve Wamhoff said a system of formulary apportionment in the European Union would also assist the United States. "If that leads to a situation where a corporation essentially cannot use Ireland to avoid taxes as much," he said, "that would probably help the U.S., too."

OECD "action plan"

On July 20th, the Organisation for Economic Co-operation and Development (OECD) will present an action plan to the G20 leaders on combatting international tax avoidance. Remapping Debate spoke with Pascal Saint-Amans, the director of the Centre for Tax Policy and Administration at the OECD. He would not disclose the content of the plan because it "is not yet fully adopted," but suggested that the plan would not recommend a formulary apportionment system. "Unification and formulary apportionment, whatever merit [they] would have…they are just not possible in the current environment," he said. "Moving to global formulary apportionment mechanics would require consent of more than 200 tax jurisdictions on objective criteria that they would decide to implement," which he believes is impossible in the near future.

> Tax avoidance, said Macdara Doyle, "Ultimately rots everybody...It creates the sense that this is not a fair society."

Saint-Amans indicated that the OECD's action plan would include less dramatic measures designed to work within the existing system of international taxation to make an impact on tax avoidance as quickly as possible rather than to create a new system. "We are fixing the plane while flying," he said. "We can campaign and say we need to do everything and change it all otherwise you do nothing, [but] my concern is that we implement something, not that we talk about theoretical solutions for another decade."

What might such measures look like? Nicole Tichon of Tax Justice Network USA suggested a system of country-by-country reporting on profits made by multinational corporations. "Having that level of transparency would benefit every country," she said. "It would put every country on equal footing in terms of their ability to combat the problem."

As an example of how such a system could operate, Tichon pointed to the success of the Foreign Account Tax Compliance Act (FATCA), a piece of legislation passed by the U.S. Congress in 2010 that, among other measures, requires foreign financial institutions to report information about their U.S.-based clients to the IRS. "FATCA is already working," she said. "Some of the big banks are turning away clients. They realize they're going to be held accountable if they don't comply." An international agreement for a similar scheme aimed at requiring multinationals to report their profits, she said, would go a long way toward deterring tax avoidance.

Macdara Doyle, a communications officer for the Irish Congress of Trade Unions, the primary umbrella organization for trade unions in both Northern Ireland and the Republic of Ireland, agreed that transparency is "essential," though he added, "I'm not going to be prescriptive about it…There are a thousand ways to possibly do these things." As a general rule, however, he believes that first "there needs to be clear transparency around who's doing what, who's paying what, and I think we might be very surprised at the results…Based on that, we can start making proper policy proposals for the future."

Smaller-scale cooperation across borders

Smaller-scale international cooperation might also emerge from regional supranational institutions. Emer Traynor told Remapping Debate that the European Commission (the executive body of the European Union) passed an action plan in December. She characterized this plan as containing "the first ever measures in the world specifically designed to tackle corporate tax evasion."

The action plan's two primary recommendations are for EU member states to create, using common criteria, national blacklists of tax havens, and to adopt a common "General Anti-Abuse" rule. That rule would allow countries to "ignore any artificial arrangement carried out for tax avoidance purposes and tax instead based on the basis of actual economic substance," the plan stated. In other words, the UK would have the right to tax Starbucks based on the profits the company actually earned in the UK, even if Starbucks reported them as being earned by its Irish subsidiary.

Time to act?

Tax experts agree that regardless of the approach, the international community has strong incentives to act as quickly as possible. According to Nicole Tichon, "one of the things that makes this issue particularly powerful and unique in a way is that countries of all shapes and sizes are being affected…This is something that should outrage everyone."

Steve Wamhoff believes the OECD and other international institutions have powerful motivation to act, but questions whether their actions will have any real teeth. "People in [OECD member states] have gotten a lot angrier, and that's provided a lot pressure on their governments to act like they're doing something," he said. "That in turn has put the OECD under pressure to act like it's doing something. Now, whether or not the OECD is going to do something that's just cosmetic, that's going to pay lip service to all this sentiment, is still unclear."

The OECD's Pascal Saint-Amans, however, said the OECD's action plan would address corporate tax avoidance in "a comprehensive manner," and added that the time is ripe for countries to agree to action: "This concern has translated into a high level political will for action…Politicians cannot afford having their taxpayers facing higher taxes and cuts in public expenditure, and then seeing taxpayers like the multinationals not paying anything, or hardly anything…It's difficult," he said, "but I feel there is a good chance to come to something meaningful in the coming weeks and months."

Macdara Doyle of the Irish Congress of Trade Unions agreed that the pressure is on, and believes there is more than just tax income at stake. Tax avoidance, he said, "ultimately rots everybody…It creates the sense that this is not a fair society; that this is not a fair system; that it will never be fair; that the wealthy can always play by their own rules. Once you get that into a system, history will teach you that will generally lead to some kind of reaction."

When asked about his hopes for the OECD action plan, he cautioned that "I wouldn't exactly be holding my breath that you're going to see a transformation," but said he was "hopeful in the sense that I think that pennies are dropping, be it because of financial crisis that the governments are short of tax revenue, or be it because there's a realization that this sort of conduct is in the long term socially and politically damaging." Because of these pressures, the era of the "cozy tax deal," he said, is coming to an end. "It may take a couple years longer than we think, but I think it is coming to a close."

This content originally appeared at http://www.remappingdebate.org/node/2002