



Is Ireland a Tax Haven?

Dublin Economics Workshop

11th September 2020

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A TRADITION OF
INDEPENDENT
THINKING



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Coláiste na hOllscoile Corcaigh

Outline

1 Context

2 Data Sources for Profit by Parent/Partner

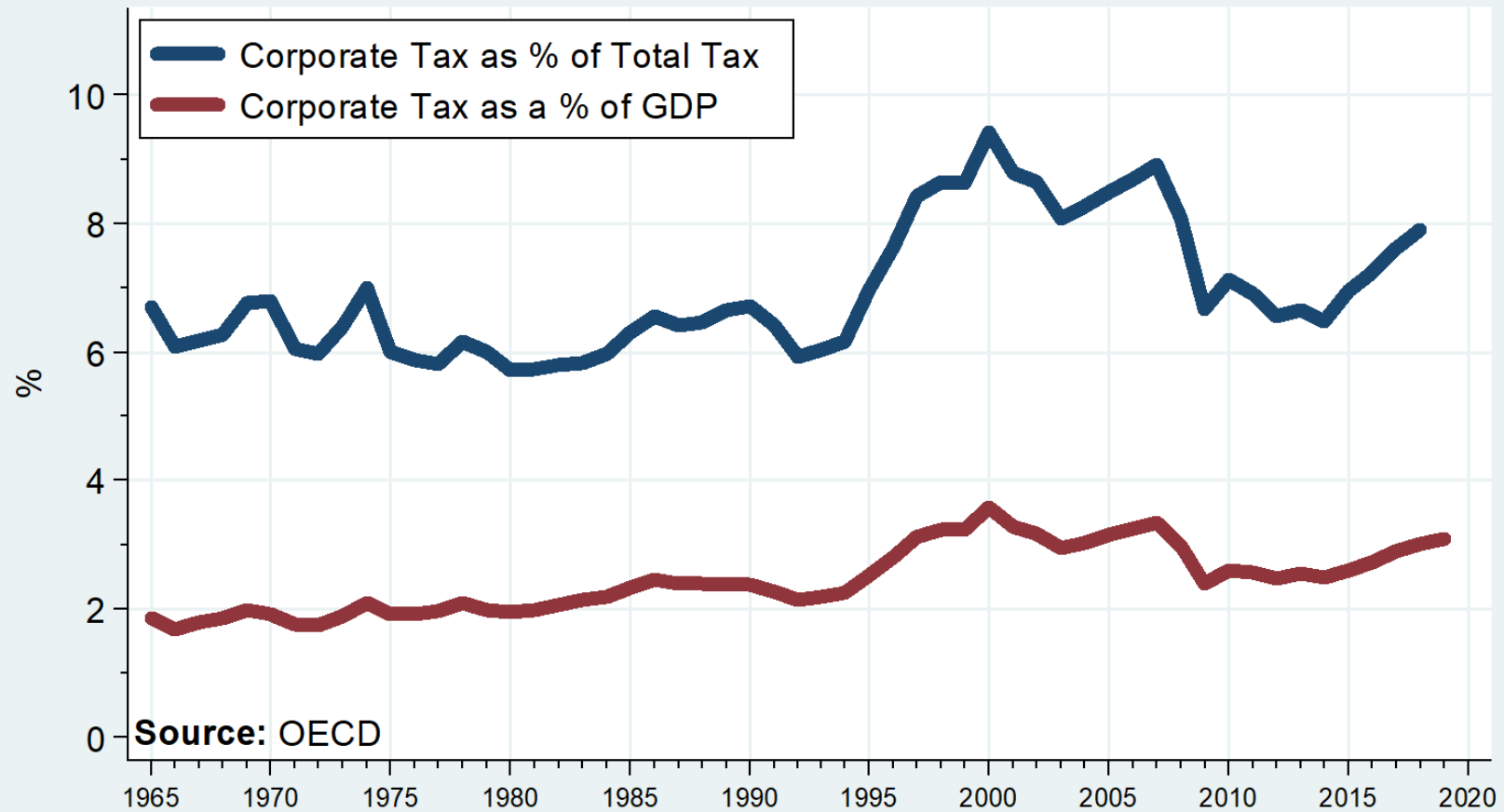
3 Foreign Affiliate Profits in Ireland

4 Worldwide Profits of US Affiliates

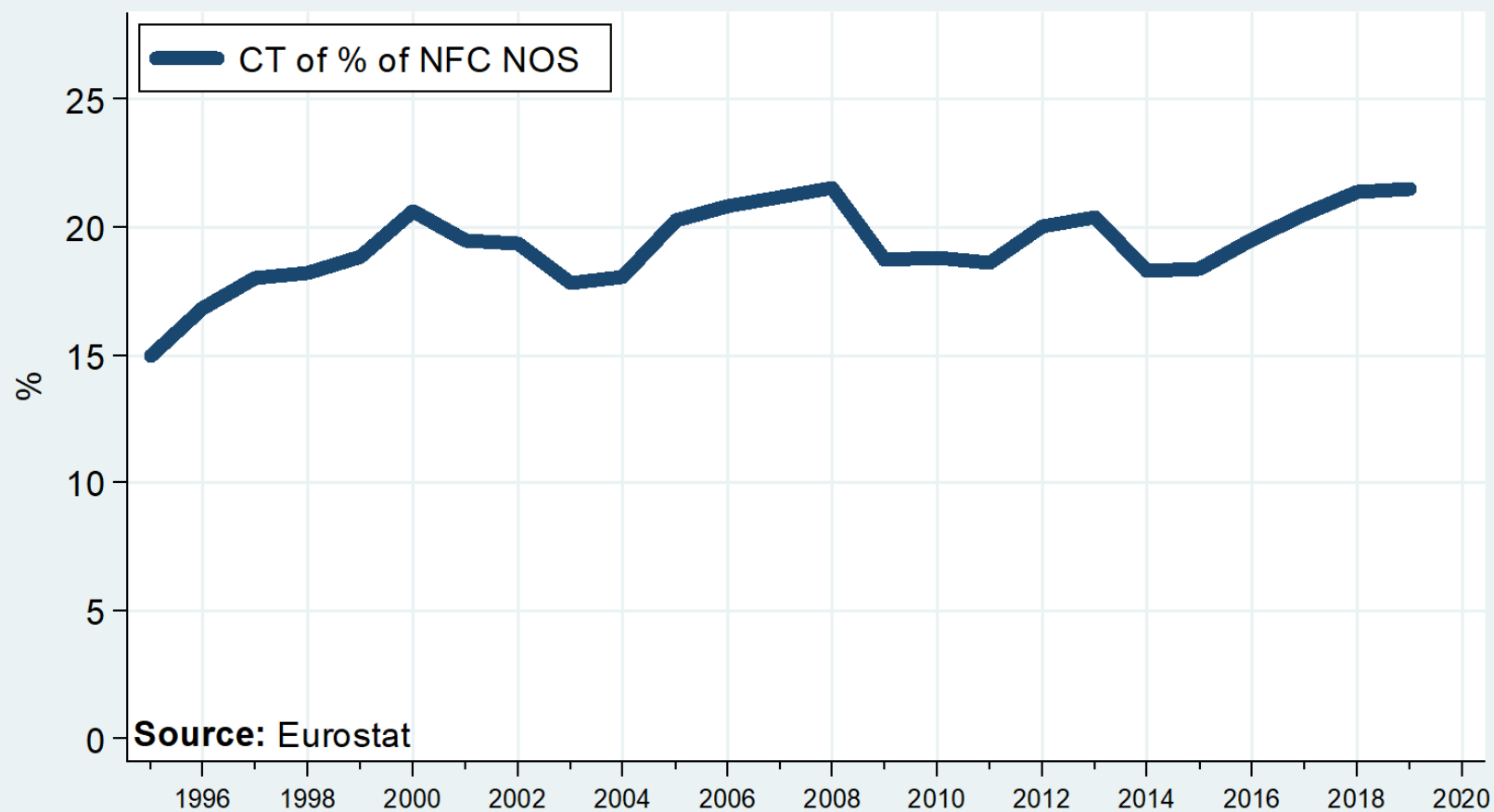
5 Conclusion

EU15 Corporate Tax Revenues

Taxes on Profits or Capital Gains, Arithmetic Mean for EU15 Group, 1965-2018



EU15 Corporate Tax Revenues from Non-Financial Corporates Taxes on Profits or Capital Gains as Percent of Net Operating Surplus, 1995-2019



Profits by Parent/Partner: Macro Sources

- **Eurostat**

- Foreign-controlled EU enterprises – inward FATS
- All parent jurisdictions, operations in EU countries only
- Profit measure: gross operate surplus

- **OECD**

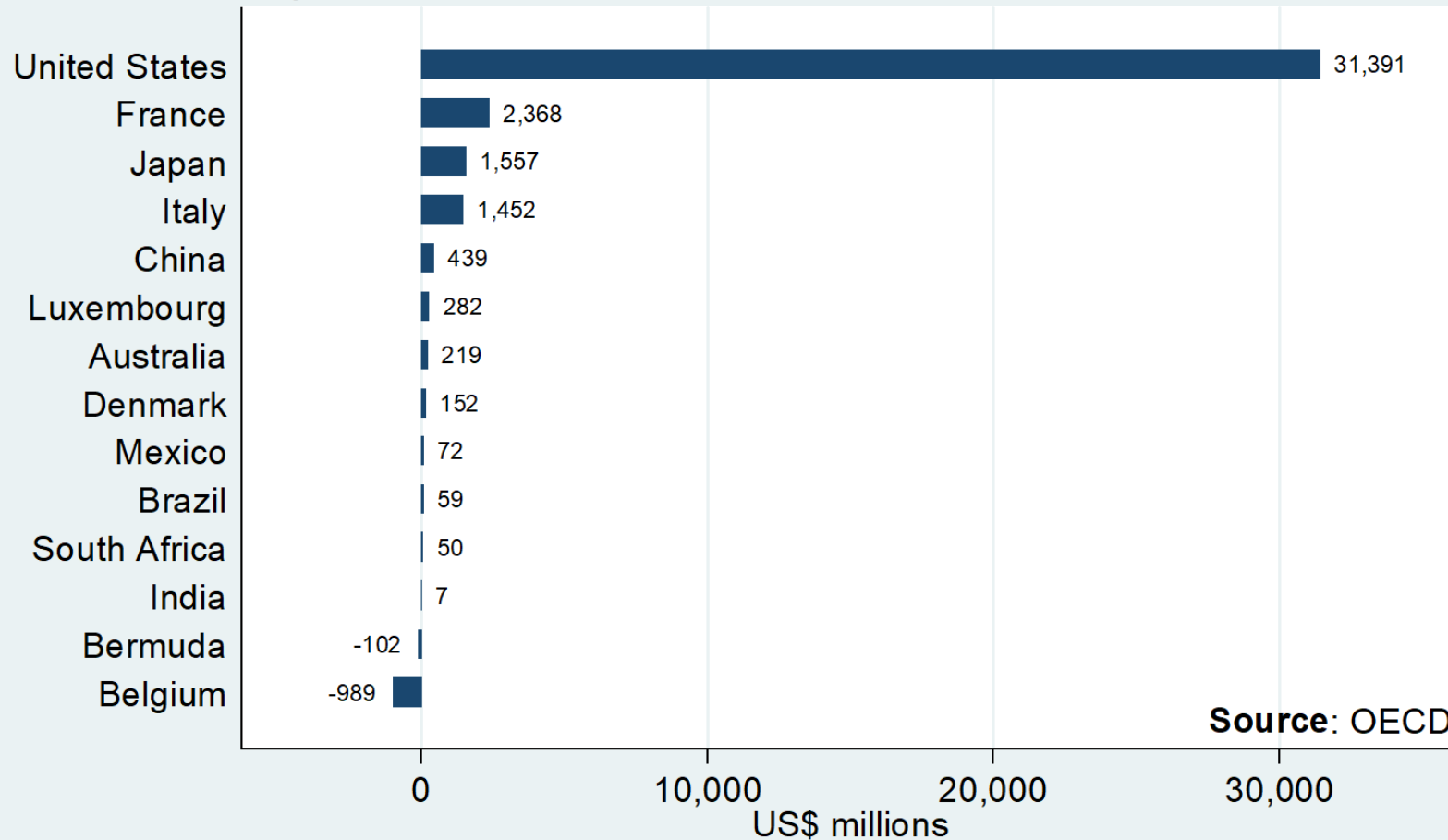
- Country-by-country reporting aggregate outcomes
- 27 parent jurisdictions, operations in c.200 countries (partial)
- Profit measure: taxable income

- **BEA**

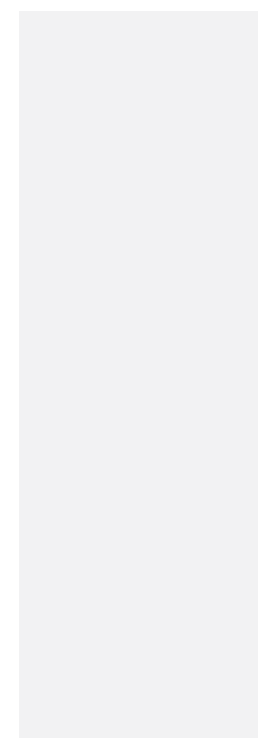
- Balance of Payments, US Direct Investment Abroad
- Only US parent, dubious profit allocation to some jurisdictions
- Profit measure: profit-type return (net)

OECD Country-by-Country Reports Aggregate Data, 2016

Profit in Ireland by Ultimate Parent Jurisdiction, millions of US dollars

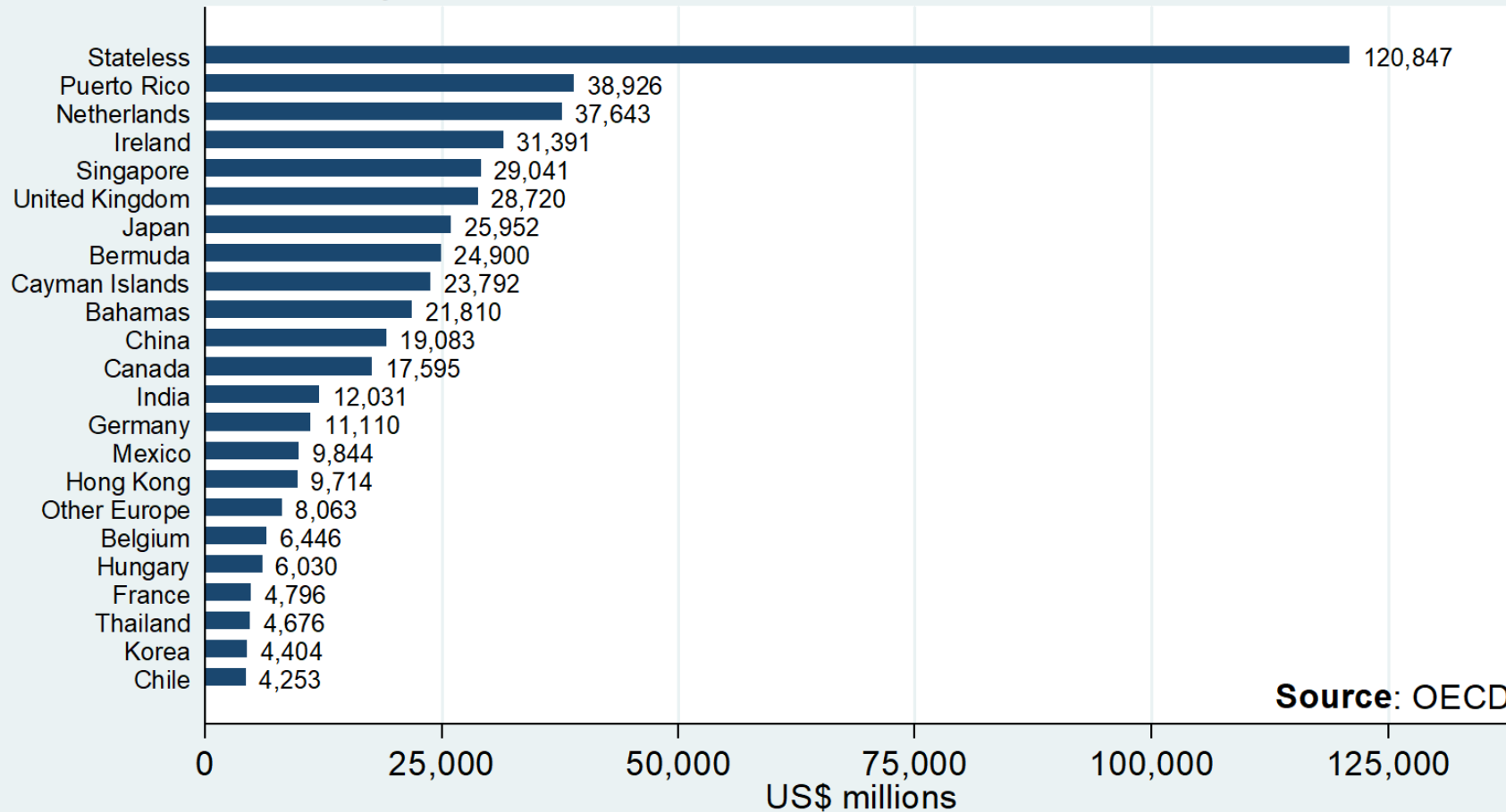


Source: OECD



OECD Country-by-Country Reports Aggregated Data, 2016

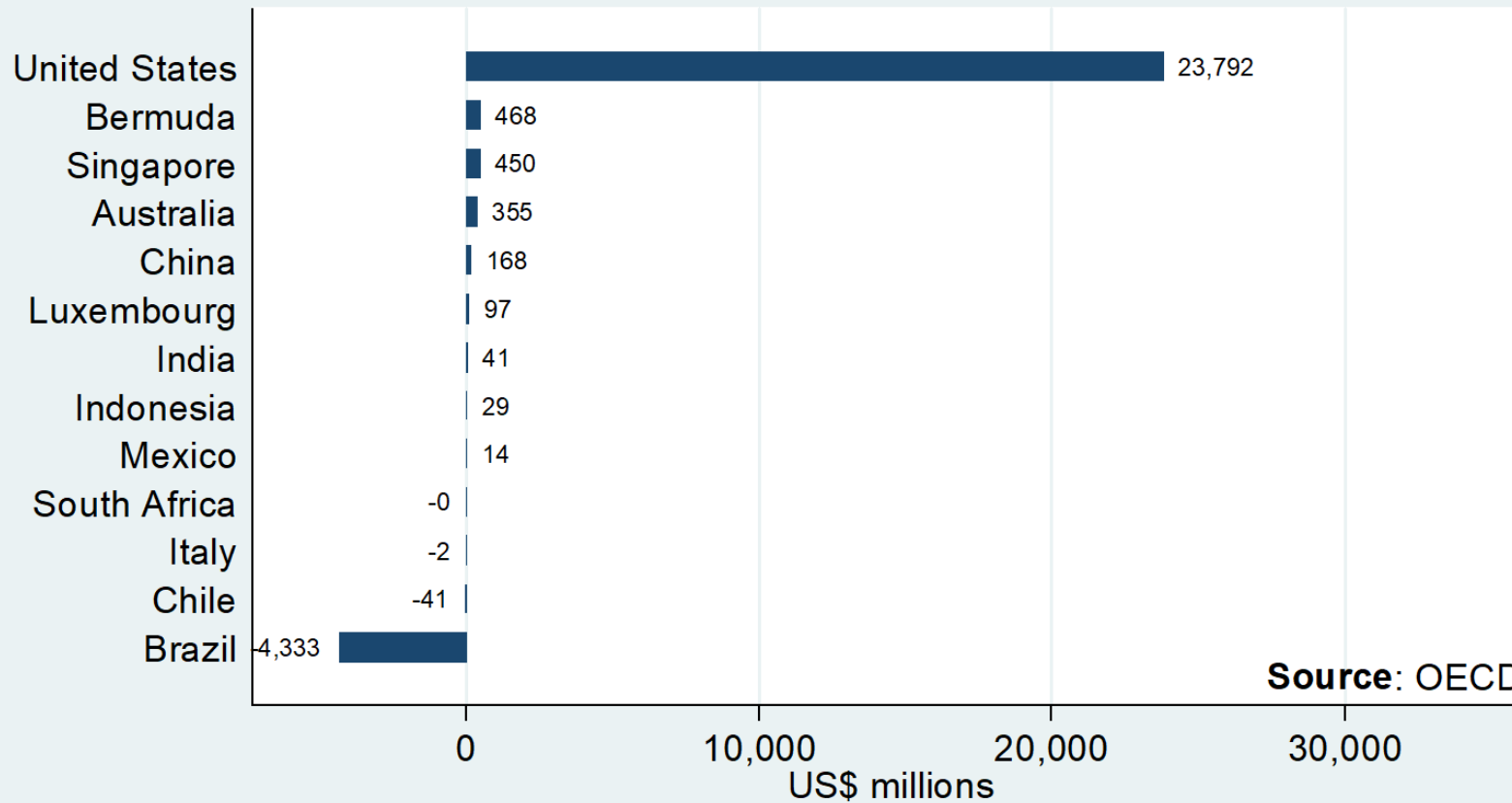
Profit of US Affiliates by Partner Jurisdiction, millions of US dollars



Source: OECD

OECD Country-by-Country Reports Aggregated Data, 2016

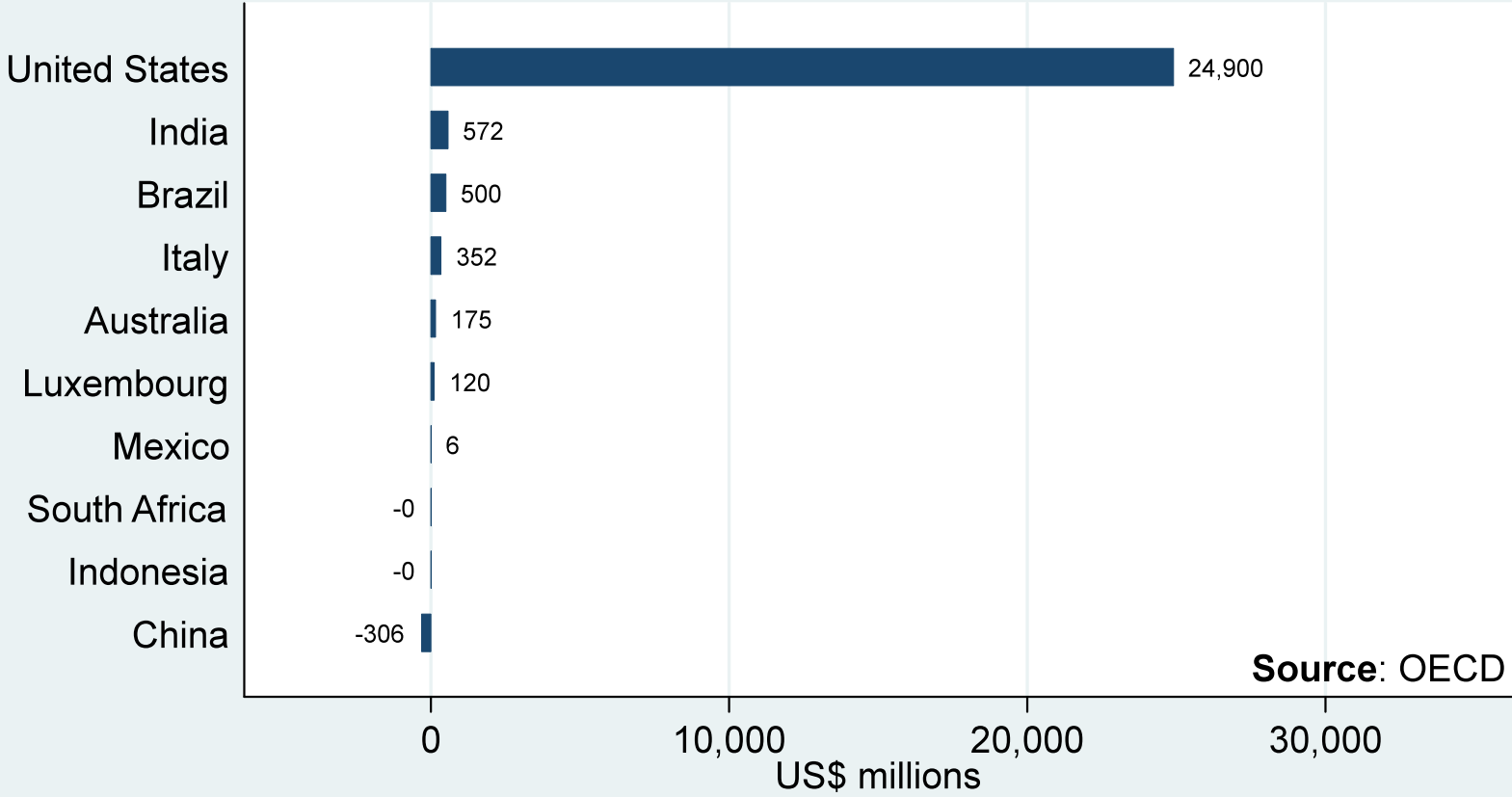
Profit in Cayman Islands by Ultimate Parent Jurisdiction, millions of US dollars



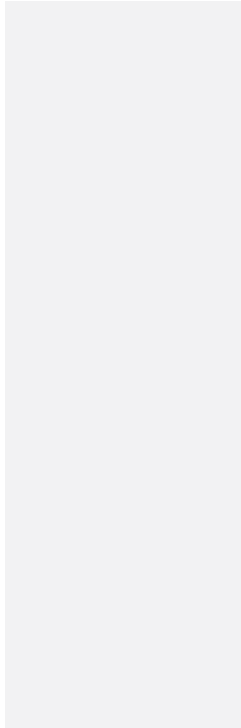
Source: OECD

OECD Country-by-Country Reports Aggregated Data, 2016

Profit in Bermuda by Ultimate Parent Jurisdiction, millions of US dollars

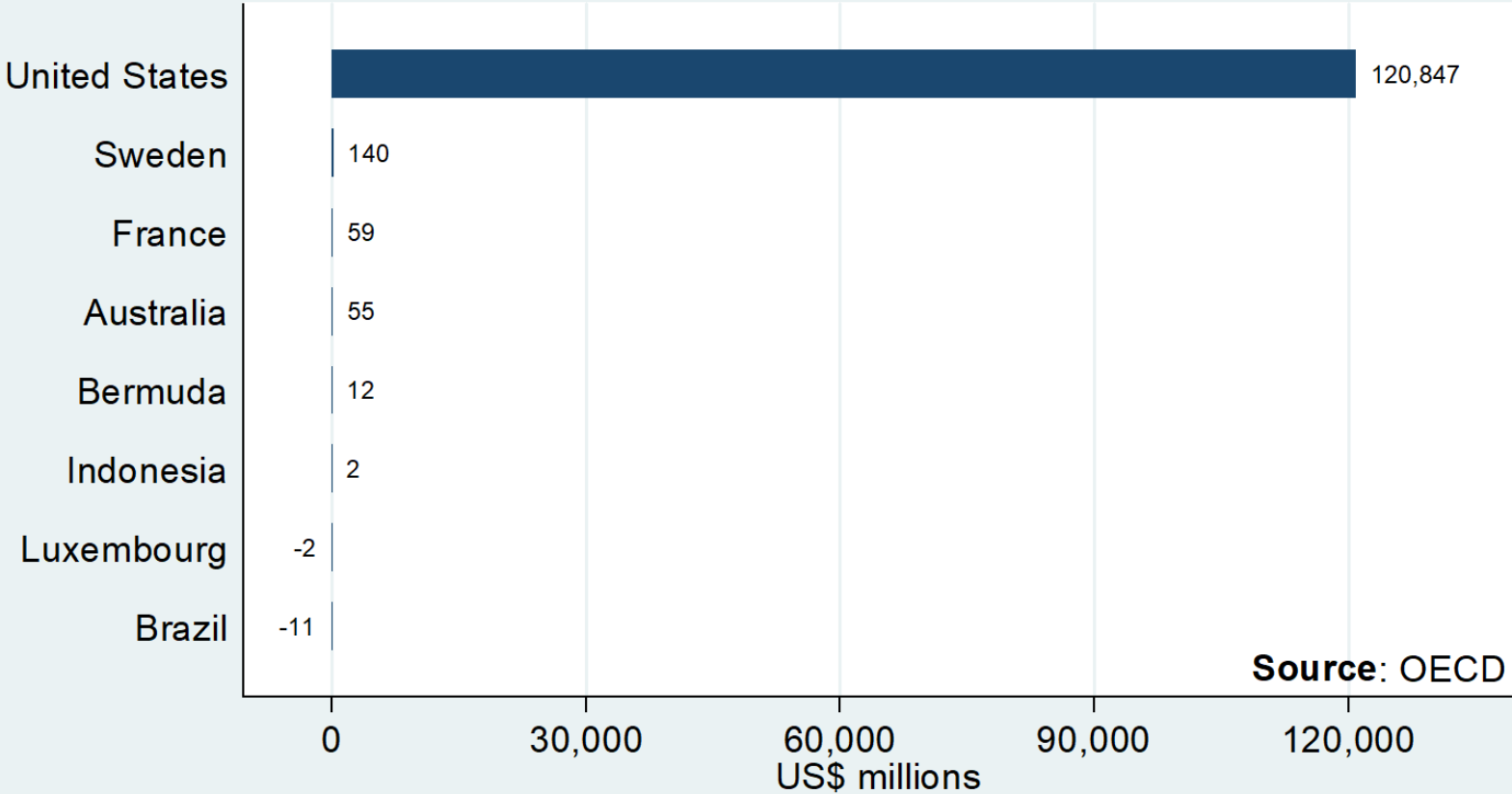
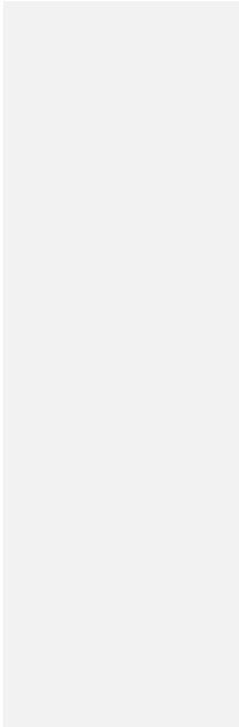


Source: OECD



OECD Country-by-Country Reports Aggregated Data, 2016

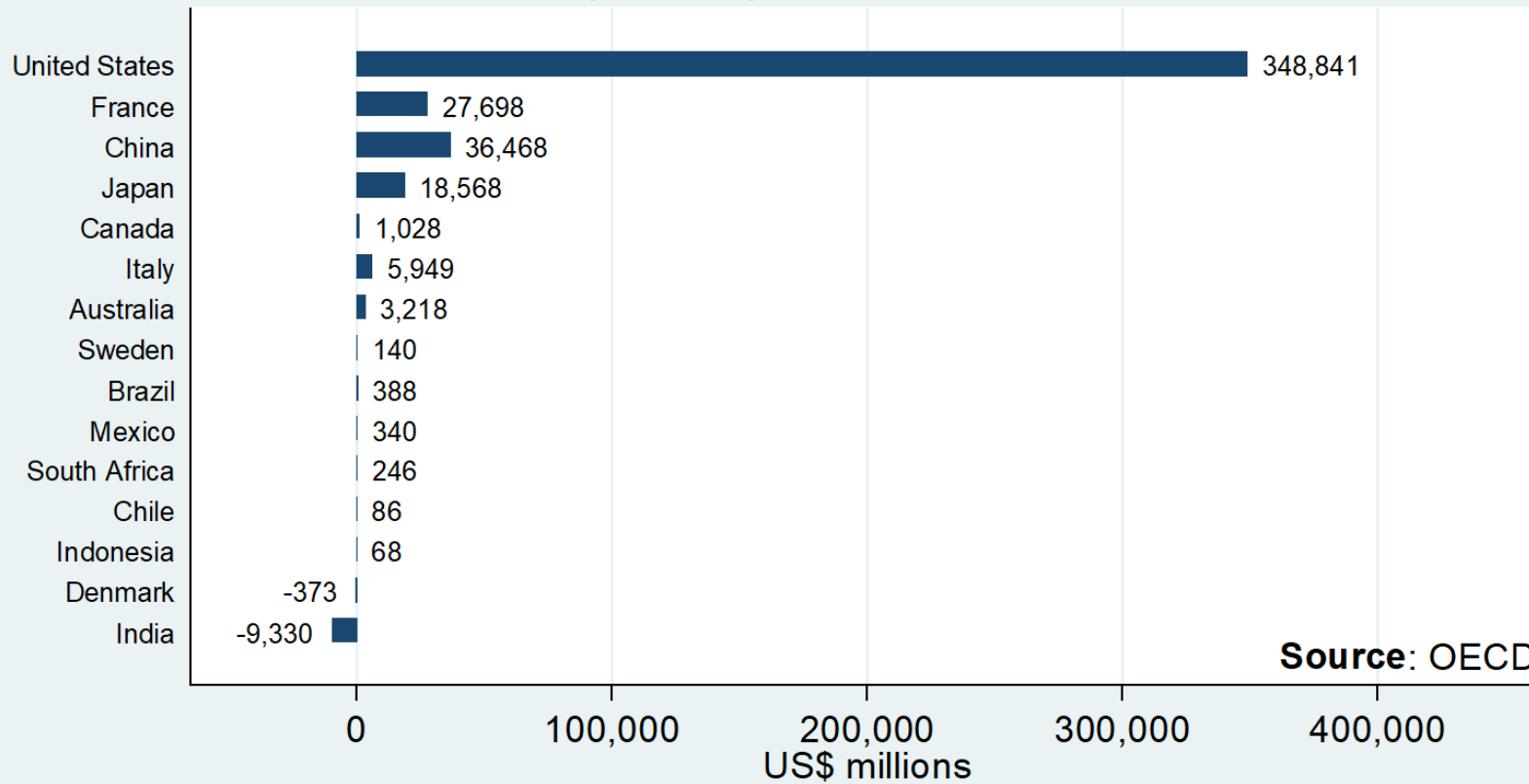
Stateless Profits by Ultimate Parent Jurisdiction, millions of US dollars



Source: OECD

OECD Country-by-Country Reports Aggregated Data, 2016

Profit in Selected Jurisdictions by Country of Ultimate Parent, millions of US dollars



The selected jurisdictions are Bahamas, Belgium, Bermuda, British Virgin Islands, Hong Kong, Ireland, Luxembourg, Netherlands, Panama, Puerto Rico, Singapore, United Arab Emirates and Stateless

US Affiliates in Selected Jurisdictions, 2016

Partner	Profit	Cash Tax	Implied ETR
	\$m	\$m	%
UAE	3,300	1,531	46%
Belgium	6,446	1,138	18%
Hong Kong	9,714	1,585	16%
Ireland	31,391	4,281	14%
Netherlands	37,643	3,061	8%
Panama	881	64	7%
Singapore	29,041	1,812	6%
Bermuda	24,901	477	2%
Puerto Rico	38,926	605	2%
BVI	2,290	18	1%
Cayman Islands	23,792	85	0%
Bahamas	21,810	32	0%
Luxembourg	-2,140	512	n/a
Stateless	120,847	703	1%
Total	348,840	15,902	5%

Source: OECD

Conclusion

- Whatever about some countries being a tax haven the US is a profit sieve.
- Offshoring typically achieved via cost-sharing agreements to license use of output from US R&D outside the US.
- Cost share payment does not reflect underlying value of activities undertaken; main value adding occurs in the US.
- Previous US deferral provisions have been replaced by new minimum tax payable as profits are earned - GILTI