

Fiscal Paradise: Foreign Tax Havens and American Business

[Get access >](#)

James R. Hines, Jr. , Eric M. Rice

The Quarterly Journal of Economics, Volume 109, Issue 1, February 1994, Pages 149–182, <https://doi.org/10.2307/2118431>

Published: 01 February 1994

Abstract

The tax haven affiliates of American corporations account for more than 20 percent of U. S. foreign direct investment, and nearly a third of the foreign profits of U. S. firms. American companies report extraordinarily high profit rates on their tax haven investments in 1982. This behavior implies that the revenue-maximizing tax rate for a typical haven is around 5–8 percent. American (and foreign) investment in tax havens has an uncertain effect on U. S. tax revenue, but since low tax rates encourage American companies to shift profits out of high-tax foreign countries, it is possible that low foreign tax rates ultimately enhance U. S. tax collections.

This content is only available as a PDF.

© 1994 by the President and Fellows of Harvard College and the Massachusetts Institute of Technology

Issue Section: [Articles](#)

You do not currently have access to this article.

Sign in

 [Get help with access](#)

Personal account

- Sign in with email/username & password

Institutional access



Sign in through your institution

- Get email alerts
- Save searches
- Purchase content
- Activate your purchase/trial code
- Add your ORCID iD

Sign in >

[Register](#)

[Sign in through your institution](#)

[Sign in with a library card](#)

[Sign in with username/password](#)

[Recommend to your librarian](#)

Institutional account management

[Sign in as administrator](#)

Purchase

[Subscription prices and ordering for this journal](#)

[Purchasing options for books and journals across Oxford Academic](#)

Short-term Access

To purchase short-term access, please sign in to your personal account above.

Don't already have a personal account? [Register](#)

Fiscal Paradise: Foreign Tax Havens and American Business* - 24 Hours access

EUR €39.00

GBP £33.00

USD \$43.00

Rental



This article is also available for rental through DeepDyve.