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# The Social Irresponsibility of Corporate Tax Avoidance: Taking CSR to the bottom line

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## Abstract

Tax revenues are the lifeblood of democratic government and the social contract, but the majority of multinational businesses have been structured so as to enable tax avoidance in every jurisdiction in which they operate. John Christensen and Richard Murphy of the tax justice network argue that policy measures are required to redress the distortions that have arisen as globalized companies have left nationally based tax regimes floundering. Businesses should adopt corporate social responsibility standards on taxation, including requirements to publish all necessary accounting information and to refrain from the use of profits-laundering vehicles created without substantial economic purpose.

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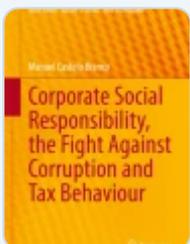
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## Notes

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1. Oliver Wendell Holmes Jr, in the case of *Compañia General de Tabacos de Filipinas v. Collector of Internal Revenue*, 1904.
2. The term aggressive tax avoidance is used by revenue officials in the US and UK to describe transactions whose primary or whole purpose is the avoidance of tax.
3. Source: Statement by Senator Joseph I. Lieberman to the US Senate Committee on Governmental Affairs, 18 November 2003
4. This principle was firmly established in the UK by the *Duke of Westminster* case (1936) and applies in many jurisdictions around the world.
5. Source: French Finance Minister Dominique Strauss-Kahn, quoted from a speech to the Paris Group of Experts, March 1999.
6. Source: the Association for Accountancy & Business Affairs, quoted in 'Tax avoiders rob wealth of nations', *The Observer*, 17 November 2002.
7. The weakness of the Bolivian fiscal system illustrates the problems faced by so many developing countries. In 2003, the Bolivian National Congress sought to

change the tax code in order to recover €355 million in revenue arrears and bring thousands of businesses into the formal tax sector for the first time ever. Facing a fiscal deficit of 8.8 per cent in the current budget, Bolivia is struggling to stave off economic collapse, but endemic tax evasion by local business elites has made the state increasingly reliant on multilateral credits and grants from donor countries.

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