

Financial Derivatives in Corporate Tax Avoidance: A Conceptual Perspective 🛒

Michael P. Donohoe

+ Author & Article Information

Journal of the American Taxation Association (2015) 37 (1): 37–68.

<https://doi.org/10.2308/atax-50907>

Views ▾

Share ▾

Tools ▾

Cite ▾

ABSTRACT

Financial derivatives play an increasingly common role in corporate tax avoidance. This paper takes a descriptive approach to answer the fundamental, yet underexplored, questions of why derivatives are useful for corporate tax avoidance and how they fulfill this objective. To evaluate *why*, I develop and discuss a simple framework of research, practical issues, and anecdotes about derivatives-based tax avoidance. I then provide unique insight into *how* derivatives reduce taxes by discussing the complex transaction-level detail of two derivatives-based tax-planning strategies. Finally, I identify potential issues that might be addressed in future research. Overall, by discussing the concepts and mechanics of derivatives-based tax avoidance, this study serves as a prologue to extant and future research on the topic.

JEL Classifications: G32, H25, M40

Keywords: [financial instruments](#), [derivatives](#), [tax avoidance](#), [tax shelter](#)

You do not currently have access to this content.

Sign in

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

Member Login

Log in

[Skip to Main Content](#)

Pay-Per-View Access
\$25.00

AAA Members: Please log in for free access to content. Note, Teaching Notes are a full member benefit and are not available to student members.

 [Buy This Article](#)



[View Metrics](#)

Citing Articles Via

Google Scholar

CrossRef (14)

Email Alerts

Article Activity Alert

Publish Ahead of Print Alert

New Issue Alert



**American
Accounting
Association**
American Taxation
Association

Print ISSN: 0198-9073 **Online ISSN:** 1558-8017

[Skip to Main Content](#)

[Information for Authors](#)

[Authorship Policy](#)

[Plagiarism Policy](#)

[Data Integrity Policy](#)

[Citing Corrected Articles Policy](#)

[Minimizing Overlapping Decision Rights Policy](#)

[Prior Publication Policy](#)



[Cookie Policy](#) [Accessibility](#) [Terms & Conditions](#) [Get Adobe Acrobat Reader](#)

© Copyright 1998 - 2023 American Accounting Association. All rights reserved.