Contents

Li.	st of Participants	ix
Li.	st of Figures	xi
List of Tables		xii
1.	Summary and Discussion Sijbren Cnossen	1
2	Taxation of Capital Income vs. Labour Income: An Overview Roger H. Gordon	15
3.	Interjurisdictional Equity in Company Taxation: Principles and Applications to the European Union Peggy B. Musgrave	46
4 .	Source- vs. Residence-based Taxation in the European Union: The Wrong Question? Richard M. Bird and J. Scott Wilkie	78
5.	Issues in the Taxation of Income from Foreign Portfolio and Direct Investment Michael P. Devereux	110
6.	The Taxation of Interest in Europe: A Minimum Withholding Tax? Harry Huizinga and Søren Bo Nielsen	135
7.	Levelling Up or Levelling Down? Some Reflections on the ACE and CBIT Proposals, and the Future of the Corporate Tax Base Stephen R. Bond	161
8.	Taxing Capital Income in the Nordic Countries: A Model for the European Union? Sijbren Cnossen	180
9.	Transfer Pricing and Income Shifting in Integrating Economies T. Scott Newlon	214

viii Contents

10. Deciding whether the European Union should Adopt Formula Apportionment of Company Income Charles E. McLure, Jr. and Joann M. Weiner	243
Author Indov	293
Author Index	297
Subject Index	2,,

Figures

6.1.	The destination of deposits by country A households	144
	Net interest earnings of households and the parameter <i>h</i>	147
6.3.	Total borrowing costs of firms and the parameter f	148
6.4.	The Nash withholding tax equilibrium	149
6.5.	Non-cooperative tax equilibrium and the contract curve	154
7.1.	Corporate tax as a share of GDP, 1979–94	169
7.2.	Domestic market, no trade	176
7.3.	Domestic market, with trade	177
7.4.	Domestic market, with inward investment	177

Tables

2.1.	Changes in personal and corporate tax liabilities per	
	return from shifting to a cash-flow tax base	25
3.1.		
	apportionment formulas	58
3.2.	Model I: company and withholding tax rates	
	in Member States for IJE	63
3.3.	Evaluation of alternative company tax models	69
6.1.	The effects of forced increases in t_B from Nash equilibrium	152
	Net sources of investment finance	165
7.2.	Statutory corporate tax rates, 1980–96	170
8.1.	Dual income taxes in the Nordic countries, 1999	183
8.2.	Profit computation rules in the Nordic countries, 1999	192
8.3.	Methods of double-tax relief under the Nordic corporate	
	and personal income taxes, 1999	194
8.4.	Nordic countries: common withholding tax rates	
	on payments to residents and non-residents in major	
	treaty countries, 1999	198
8.5.	Profit-splitting rules in the Nordic countries, 1999	202
9.1.	Profitability of foreign-controlled and domestic	
	companies in the US, 1987–93	222
9.2.	Effective tax rates and reported income of foreign	
	subsidiaries of US multinational enterprises, 1992	222
	Selected US transfer pricing cases	223
	Econometric studies of MNE income shifting	226
10.1.	State legislation relating to world-wide combined reporting	256
10.2.	Distribution of manufacturing operations under	
	three apportionment formulas in nine EU Member	
	States, 1983	283