

How Can Governments Tax Multinational Enterprises More Fairly? A Discourse Analysis

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Abstract:

Extant research has identified numerous causes for MNE tax avoidance and formulated a variety of remedial policy solutions. Yet despite being consistently decried as societally unfair, these contested practices persist. We reveal the conflicting and complementary ideologies and worldviews that reside in the background of MNE tax avoidance policy deliberations. Analysis of primary interviews with accounting and tax regulatory agencies, Members of the UK Parliament, and public hearings with MNE representatives, shows these different groups draw on four different discourses: *globalism, idealism, pragmatism, and shareholder interest*. These exist in what we show to be a kind of precarious truce that allows these contested practices to continue in the face of robust critique. Prospects for taxing MNEs are enhanced if legislators, civil servants and regulators can draw more coherently on the discourse of idealism because this is most resistant to the logic of the market.

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Discourse Analysis; Government; Market Logics, Multinational Enterprises; Tax Avoidance; Tax Regulation; Fiscal Justice; Social Contract

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Introduction

Prior research has identified numerous causes for the problem of tax avoidance by multinational enterprises (MNEs). Capital has become more mobile (Avi-Yonah, 2000; Sharman, 2010) with speed of internationalization (Casillas & Acedo, 2013; Chetty, Martin, & Martin, 2014), making collection of taxes on capital more challenging than from labour or consumption (Genschel & Schwarz, 2011).

Other causes identified include: MNEs' use of tax havens (Palan, 2002; Palan, Murphy, & Chavagneux, 2013; Picciotto, 1999) and global wealth chains to relocate corporate wealth (Seabrooke & Wigan, 2014, 2017); increased tax competition between nation-states (Dietsch & Rixen, 2014; Shaxson & Christensen, 2016); separate entity principle and legitimising role of arms-length pricing for intra-firm trade (Morgan, 2016; Ylonen & Teivainen, 2018); shift from a trust to a market-logic orientation by advisors (Addison & Mueller, 2015; Sikka & Willmott, 2013); power of accounting profession's expertise in framing global accounting rules (Seabrooke & Wigan, 2016) and the unintended creativity afforded by international bilateral arrangements for treaty shopping (Arel-Bundock, 2017), hybrid and derivative instruments (Christensen, Seabrooke, & Wigan, 2020), and fabricating stateless income (Kleinbard, 2016).

The OECD issued its summary report in 2015 regarding MNE base erosion and profit shifting (BEPS) (OECD, 2015) that resulted in a series of 'minimum standards' and 'aspirational recommendations' (Devereux et al., 2021 p.5). Recently, the G20 and OECD have advanced a two-pillar package targeting in focus MNEs that will overlay prevailing bilateral tax treaties (OECD/G20, 2020, 2021). Authors, in turn, have proffered alternative solutions to mitigate BEPS: for example, promoting a global formulary approach for MNE taxation (McGaughey & Raimondos, 2019; Picciotto, 2016; Zucman, 2015); suggesting a regional agglomeration of entities approach (Morgan, 2017); proposing a tax on shareholder consumption—by taxing dividends and sales in lieu of MNE corporate profits (Foss, Mudambi,

& Murtinu, 2019), advancing multilateral collaborations (Avi-Yonah, 2016; Kleinbard, 2016), building on country-by-country reporting initiatives (Baker & Murphy, 2021; Jansky, 2020) or otherwise imposing a minimum corporate tax (Ting & Gray, 2019). Notwithstanding advancing all these remedial solutions, the problem persists.

With the exception of recent work by Morgan (2020) and Seabrooke and Wigan (2016), prior research rarely examines the cognitive paradigms (Campbell, 2002) and shared beliefs of epistemic communities in the BEPS issue field. Ideas held and ideological paradigms shared by key actor groups have a powerful influence in guiding action and shaping policy (Campbell, 2002, 2004). Researchers have been calling for more empirical work on how the power of ideas interacts with interests, politics and public policy transformations (Campbell, 2002; Morgan, 2020; Seabrooke & Wigan, 2016). We contribute to the literature on ideas, using discourse analysis and an ideational paradigm framework, to reveal how competing and complementary discursive configurations help explain why MNE tax avoidance remains in the state of a precarious but long-standing truce.

Theory

We use Campbell's (2002, 2004) theoretical framing of ideational paradigms and worldviews to identify and categorise taken-for-granted logics that reside within epistemic communities, i.e. networks of professionals and experts possessing relevant knowledge claims. Ideational paradigms held by these key actors hold affect not only how they define their interests but also their behaviour in policymaking (Campbell, 1998). Much of the analysis of BEPS considers what might be called the foreground – sentiments and features of debate that are readily, even glaringly visible. Our concern is with unmasking the background - the ideologies and worldviews of key stakeholder groups.

To do this, we critically analyse discourse on BEPS and MNE tax avoidance across both talk and texts, combining secondary data: policy documents, press coverage, advocacy articles and Select Committee Hearings, reports and testimony; with primary data in interviews. BEPS involves several practices, most notably transfer pricing, but also: exploitation of inconsistent entity and instrument classification between different country systems; deconstruction and separation of business processes using conduit companies and intermediaries; and leveraging the digitalised economy. The opportunity for transfer pricing (simultaneously buying and selling goods, services or capital within the MNE corporate group) arises because MNEs are treated as a series of separate enterprises/entities: the “arm’s length principle” (Morgan, 2016; Ylonen & Teivainen, 2018). Our focus on ‘discourse’ concerns naturally occurring language; larger units of text rather than isolated words; and on the dynamic socio-cognitive and interactive moves by key actors (Wodak & Meyer, 2016). To foreshadow our findings somewhat, we show that these actors’ discourses – which we label *globalism*, *idealism*, *pragmatism*, and *shareholder interest* are far from being ‘merely representational and neutral [but] beyond being constructive (or perhaps through their constructive role), mask and perpetuate unequal and unfair power relations and social practices’ (Heracleous, 2011 p.21).

Methodology

The first author conducted 25 in-depth, interviews lasting between one hour and ninety minutes. Interviewees included: UK financial reporting agency representatives (FRC) acting for the accounting profession and their members (including the executive director and the chair); two Members of Parliament (MPs) who were on the Parliamentary Select Committee conducting hearings into corporate tax avoidance (the other seven declined); civil servants responsible for interpreting tax regulation and practice (including the deputy-director of Her

Majesty's Treasury (HMT), Business & International Tax Portfolio); two executive directors from the OECD; two very senior policy advisors; senior intergovernmental representatives who were experts on MNEs and tax; three members of the Taxation Administration Research Centre (TARC). A semi-structured interview guide was adapted for each stakeholder group. Core questions asked of each group related to: how economic activity was recorded globally; practices relating to disclosure in reports; accountability obligations and conflicts; transfer pricing; the perceptions of the public; and interviewees' beliefs about what was "fair". These topics were also covered in Select Committee Hearings so there was a good basis for triangulation with secondary data. A number of scoping and sense-checking interviews were also conducted with academics who specialise in tax. Despite strenuous efforts over time it proved impossible to get access to MNE representatives, who declined to participate.

In addition to this primary interview data, oral testimony from 27 witnesses attending the Hearings (PAC-UK, 2012, 2013) was analysed. This included MNE representatives who could effectively be compelled to give testimony, together with the National Audit Office (NAO) and Her Majesty's Revenue and Customs (HMRC). A number of important source documents were also reviewed. This included detailed analysis of the 2013 host subsidiary financial accounts for three MNEs (Amazon, Google & Starbucks) and their parent consolidated financial accounts by the lead author (who is a tax specialist and former partner at a Big Four accounting firm). In addition, to gain contemporaneous insight into the policy context, the lead author attended conferences held by the Centre for Business Taxation, Oxford in June 2014, 2015 and 2016 and the International Bureau for Fiscal Development, Amsterdam in July 2014 and November 2015. Table 1 provides an overview of data sources. A more detailed appendix lists interviewees, witnesses and policy documents (see Appendix A).

[Table 1 here]

Findings

To study the ideational paradigms and worldviews held by key stakeholder groups across these different data sources, the analysis followed an inductive approach, drawing on Gioia, Corley, and Hamilton's (2012) two-stage, first- and second- order methodology (Ugyel & Daugbjerg, 2020). This gave an insight into how tax avoidance was viewed by different stakeholders. An initial phase of the analysis identified a basic divide between: (i) regulators and policymakers, whose principal concern was with fairness and wanting to account for how MNEs operated across multiple jurisdictions; and (ii) MNEs and their professional advisors, who emphasised their duties as being to comply with standards and rules, and protect their shareholders' interests.

As the analysis progressed however, a more complex picture began to emerge. Different stakeholders' worldviews coalesced not into a simple binary but into four different discourses (Wodak & Meyer, 2016). The four discourses were: *globalism* (the view of regulatory agencies like the FRC and its professional members); *idealism* (the view of MPs); *pragmatism* (the view of the HMRC) and *shareholder interest* (the view of MNE management and capital market analysts). These different discourses simultaneously describe and justify different worldviews, affording institutionalized ways of seeing (Meyer & Hollerer, 2010), each an ideational terrain that led to fundamentally different views of the relationship between governments and MNEs. Findings are outlined in Table 2.

[Table 2 here]

The Globalism Discourse

Financial reporting agencies and investment intermediaries share a logic of globalism. These agencies set global reporting, auditing and ethical standards for MNEs. Global reporting standards draw their input legitimacy (Botzem & Dobusch, 2012; Seabrooke & Wigan, 2016) from expert knowledge of the accounting profession, primarily from Big Four accounting firms. Their output legitimacy (Botzem & Dobusch, 2012) is secured through high adoption rates from MNEs. The logic of globalism is premised on the economic advantages of globalization (Bhagwati, 2004). It implicates not only an intensification of global connections (Castells, 2010), but also a drive for deregulation from government control (Friedman, 2002), and a rapid digitalisation of global market competition (Srnicek, 2017).

For stakeholders adopting the discourse of globalism, corporations and capital markets are seen as the primary drivers of economic growth. The role of nation-states is to devolve power to regulatory agencies with relevant expertise (Christensen & Laegried, 2006, 2007) to set clear and consistent rules of the game that promote integrity and attractiveness of their capital markets, making their setting attractive to corporations. From this perspective, it is crucial for domestic markets and compliance regulations to be stable and transparent. As the FRC's Executive Director of Codes and Standards observed:

You need to be able to give information to providers of capital about the risks that their capital is facing and give them sufficient information so that they have sufficient signals to know if those risks are likely to crystallize or not.

The discourse of globalism does not question the desire of MNEs to avoid tax provided this is lawful, this is seen as playing the game legitimately. This is an important point because it tolerates taking advantage of traditional tax arrangements whose boundaries are those of the nation-state. This discourse influences attitudes to financial reporting (Free, Radcliffe, Spence, & Stein, 2020) and shapes the position taken by regulatory agencies and also MNEs

in the contested issue of tax avoidance. On this view, MNEs have a very narrow set of responsibilities—not to a wider public or to a host government but to ensure the enterprise complies with a system of accountability to providers of capital. In interview, a member of the FRC’s Accounting Council explained this saying:

To me, accountability has one meaning, and that is: What do I do with the money that is entrusted to me? How do I use it and how do I provide the return [with] my business model?

Proponents of the discourse of globalism believe implicitly in the essentiality of borderless corporate activity—viewing the ‘true and fair’ concept from a consolidated perspective, rather than being concerned with what occurs intra-firm.

The Idealism Discourse

Members of Parliament and select public inquiry committees are key stakeholder groups who share what we call a discourse of idealism. The logic underpinning the discourse of idealism is representative democracy (Urbinati, 2006). Elected officials discharge their duties in addressing matters of public concern. Public inquiries are an important medium for this purpose (Addison & Mueller, 2015) in that they provide policy window opportunities (Kingdon, 2011).

The idealism discourse reflects what might be called common sense or ‘folk’ concerns relating to BEPS. These are expressed by the public who perceive a lack of fairness in terms of low levels of tax paid by MNEs’ subsidiaries when compared to revenues earned (Murphy, 2014; Sikka, 2016). An MP expressed their surprise when the extent of corporate tax avoidance was discovered:

Once it was exposed... I thought...it's a business model that is quite alien to our experience, and I'm talking about if I put myself in the footsteps of a member of the public—it was just beyond our imagination that that's how a company would operate.

The folk sense of injustice relates not only to a lack of level playing field between domestic and global corporations, but also to a breach of social contract—namely, that MNEs are given access to local markets and public goods and services without due recompense (Christensen & Murphy, 2004; Foss et al., 2019). This has its roots in the aftermath of the 2008 financial crisis (Whittle, Carter, & Mueller, 2014) and the failure of the large banks that were bailed out as governments committed taxpayers' funds. As one MP explained in interview:

This was the other issue going back to the banks, as well. I mean, one of the questions I posed when we dealt with the banks was, “Where were the accountants in all of these [collapses]?”

The idealism discourse came to the fore between 2012 and 2013 as greater scrutiny exposed and explained how transfer pricing and related practices had endured unchallenged for more than a decade. An MP described in interview how: “The numbers were—they were like something out of a Disney cartoon picture, a film, to be frank with you. It just didn't compute [laughs].” The MP who was the Select Committee chair, when questioning the HMRC Chief Executive, argued that tax practices strained credibility for the ordinary person:

Why is there still this enormous artificial construction that bears hardly any relation to what most people would understand as a sensible set of economic arrangements, with some relationship between the underlying economic activity

of the company and the amount of corporation tax paid? There is this enormous gap.

Other MPs at the Select Committee Hearing posed similar questions to representatives of MNEs:

I am interested in what you have said about the number of people whom you employ in Switzerland and the Netherlands. As I recall, it was a few hundred, compared with 8,500 people here in Britain, and yet you are paying tax in those places and not here. (questioning Starbucks executive management).

a company which has 30 times as many employees in the UK as in the place where it is allegedly headquartered, which developed itself in the UK... growth in the UK which has outstripped...other European markets... is a deliberate structuring of the company to pretend that the UK is just an operation which is warehousing and sending. (questioning Amazon executive management).

Such questions imply serious contrasts between what was lawful and a folk sense of what was fair. The Select Committee Hearing enabled MPs to represent the concerns of their electorate. But their effectiveness in bringing about change was undermined because of a basic dissonance between the globalist discourse—having a very minimalist construction of corporate responsibility; and the discourse of idealism—the latter being underlined by the logic of representative democracy (Pierre, 2009). MPs' role as citizens' representatives meant they were acting out a discursive imperative: the need to embody and reflect a societal moral order.

The work of intergovernmental agencies, such as the OECD, G20 and the IMF, has pushed tax avoidance up the agenda for nation-states, but the two discourses of globalism and

idealism remain unaligned. In other words, only until recently, there has been no discernible shift over time in the underlying discursive expression or logic (Meyer & Hollerer, 2010) of either of these worldviews. Instead, the gap between them has been reinforced; an open hostility becoming an extended truce, with each stakeholder group maintaining the legitimacy of their respective values and beliefs (Campbell, 2002, 2004).

The Pragmatism Discourse

The pragmatism discourse reflects the position of government agencies responsible for collecting taxes and applying the law, being HMRC in the UK. These agencies have to build working relationships with all taxpayers (Currie, Tuck, & Morrell, 2015; Morrell & Tuck, 2014) and ensure tax collection within legal boundaries. The agency is expected to operate without bias in favour of any taxpayer including large corporations. It is also expected to assess and monitor a variety of risks to revenue collection due to aggressive tax planning arrangements. The HMRC Chief Executive responded to MPs during questioning as follows:

You asked about the application of the law. All that HMRC can do and all that you would want us to do is apply the laws. I acknowledge that in an international setting, multinational businesses can choose, to some extent, where some parts of their business are based, and where some of their profits are based.

In examining the risks to revenue from aggressive tax planning, the pragmatism discourse recognizes that sovereignty of the delegated agency, the HMRC, is constrained by prevailing transnational tax laws, treaty obligations, contract law and general inertia (Christensen et al., 2020; Picciotto, 2015). This is made more complex because transnational arrangements provide that MNEs are only required to report economic activity that is conducted through a permanent establishment—namely, a fixed place of business located in the host location (Buchanan, 2001; Morgan, 2017; Thorpe, 1997).

Under existing tax rules, mere hosting of websites with address protocols of the host location (such as Amazon.co.uk) does not constitute a permanent establishment. Furthermore, any economic activity conducted through computer servers located in the host location need not be attributed to the subsidiary location. This is because MNEs can enter into contractual arrangements with independent Internet Service Providers (ISPs) who exercise authority and control over space allocation and operations for those computer servers. If, however, the nature of the tax planning schemes or arrangements is deemed wholly artificial and without an explicit business purpose, there are grounds for re-attributing business income. But this is difficult to establish, particularly where situations are identifiably 'grey', as explained in interview by the Deputy Director of HMT:

Most jurisdictions have scope to challenge contractual and other arrangements if they believe that they have been entered into for wholly artificial purposes. The problems arise where you have companies that have sufficient capital and scale to be able to invest, to put substance, in different jurisdictions and to create complicated structures which have an underlying commercial purpose, no denying that at all... but these arrangements lead to a very advantageous tax outcome for the company, in terms of profits taxes.

Tax rules have not kept pace with advances and events over recent years owing to factors such as the pace of development in communications, information technology, and the Internet; the emergence of new business models and online sharing platforms; and, more generally, the increased mobility of capital. This was noted in interview by the Deputy Director of HMT:

this isn't just a factor of technology, it's also a factor of capital becoming more globally mobile, and more countries becoming economic actors. In the past you

had a much, much smaller number of countries, which were significant capital providers.

The pragmatism discourse recognises the gaps between revenue generated in terms of economic activity and actual tax paid, but these gaps are seen as requiring incremental policy change (Eden, 2016; OECD/G20, 2020). Civil servants are charged with striking a bargain and are comparatively under-resourced compared to MNEs' own tax specialists. They often pursue compromise to reach quicker settlements; instead seeing the prospects for a fairer settlement as depending on legislative change. Thus, pragmatism and a spirit of compromise which apparently progresses solutions locally actually perpetuate a state of inertia.

The Shareholder Interest Discourse

The shareholder interest discourse encapsulates the duty of executives to maximize shareholder returns as the firm is viewed as a nexus of contracts between shareholders and management (Jensen & Meckling, 1976; Lok, 2010). Unlike a “public”, shareholders are place-less and this means that appeals based on their interests do not have to take any account of territory. This undercuts state sovereignty as a model based on geographic boundaries that are coterminous with systems of law. There is another parallel challenge to territoriality in digitalized commerce. This is that firms can adopt platform business models where there is no fixed physical corporate presence. In Select Committee testimony, Google's executive management justified this saying:

what we do is in common with many other companies that are intellectual property driven... Any international company has to make those kinds of choices on how to operate.

Where MNE representatives invoked the idea of territory they did so to emphasise that indirect taxation came from employment. Concerning MNEs' commitment to innovation and growth in the subsidiary location, Amazon's executive management informed the Select Committee that:

Across the UK today, we have about 15,000 employees... Just in September, while we were opening our new warehouse in Hemel Hempstead, we announced that we would be hiring also an extra 2,000 people over the next 12 to 24 months.

The shareholder interest discourse aligns value creation with shareholder returns, and also identifies company operations with particular jurisdictions to explain tax avoidance decisions. As a Google executive noted:

We run the business in a robust way. We think we do it in a way that is appropriate. It is certainly legal. We pay all the tax we are required to. We also have an obligation to shareholders, which is to ensure that we do that cost-effectively.

The logic underlying the shareholder interest discourse is investor primacy. MNE executives emphasize reinvestment in the host location, innovation in terms of technology and benefits to the local public that come from job creation. They highlight inclusive engagement with host economy and co-creation of value in participation with host location third-party sellers.

Discussion

The challenge in this article's title is to ask how tax avoidance by MNEs has persisted, despite critique and opposition from civil society, lawmakers and global organizations such as the OECD. This analysis shows that this contested practice is maintained because different epistemic communities hold different ideational paradigms (Campbell, 1998, 2002) expressed through different discourses. An inter-discursive perspective explains how this contested practice persists - it is the configuration of these four discourses that produces constraints and barriers to policy transformation (Campbell, 2004; Morgan, 2020). Tax avoidance occurs in part because MNEs are able to exploit jurisdictional differences (which arise where tax administrations cross geographical boundaries), but this persists because there are underlying ideological differences between the stakeholders charged with holding them to account.

In terms of contribution to theory, we unmask the interplay between the discourses that these different stakeholders draw on—each being based on fundamentally different logics and each constituting an ideological terrain (Kantola, 2010). A lack of alignment between these allows the contested MNE tax practices to persist. We contribute to work on the role of ideation by Morgan (2020) on the one hand - showing how the framing and contestation of ideas on tax rates and tax yields has influenced Western government in reducing corporate tax rates since the 1970's (notwithstanding the questionable practical validity of the 'Laffer theorem'); and on the other hand, by Seabrooke and Wigan (2016) showing how the ideational contest between expert-led NGOs and the accounting profession has challenged obstacles for implementing country-by-country reporting as a multilateral initiative.

A series of more specific theoretical contributions follow from identifying the role of each discourse. First, the discourse of idealism is arguably the most basic and robust challenge

to avoidance and also the clearest expression of domestic sovereignty—because it understands avoidance as a breach of social contract between MNEs and host nation-state (Christensen & Murphy, 2004; Foss et al., 2019). Proponents of the discourse of idealism argue that privileges afforded by the host nation-state are not reciprocated by MNEs, prompting calls and actions for redress, but this can also inform a growing conversation on the relative inequality of global tax distribution. A discourse of idealism identifies gaps between revenue, tax and place in terms of corporate value creation, it can similarly be mobilised in calls for developed states to recompense low-income countries who may find it harder to hold MNEs to account (Apeldoorn 2018, 2019). This supports a shift in level of analysis or scale - from a corporate to a global perspective on fair taxation.

Second, the discourse of pragmatism involves grappling with the dynamic interplay of autonomy for and control over regulatory agencies (Christensen & Laegried, 2006; Kingdon, 2011). In the context of HMRC, though accountable to national government as civil servants, they are bound to follow not only domestic law, but also overriding prescriptions from transnational agreements (Genschel & Rixen, 2015).

Third, proponents of the discourse of globalism indicate that there has been a rising scepticism towards globalization since the 2008 financial crisis (Buckley & Hashai, 2019), because economic benefits from globalization have been increasingly distorted by the architecture of global value chains. While MNEs have increasingly relied on the Big Four to attenuate global financial reporting standards that advance the strategic objectives for borderless and liberalised trade. However, the issue of concern relates the level of capture by accounting experts (Akamah, Hope, & Thomas, 2018; Mulligan & Oats, 2016) over the ideational aims and objectives for global reporting requirements. Pertinently, academic research indicates that transformational change is more likely to emerge from the margins

(Greenwood & Suddaby, 2006; Seabrooke & Wigan, 2016) than from mature field actors and elites.

Fourth, the discourse of shareholder interest is embedded in the logics of investor primacy. In this discourse, the public are absent: a 'subaltern'. Avoidance from this perspective is not seen as depriving a national public but as value creation for shareholders (Anesa, Gillespie, Spee, & Sadiq, 2019). A re-balancing of purpose over profit for corporations, will demand corporate governance to become more inclusive (The British Academy, 2019).

In terms of contribution to policy, the article details implications of struggles not just over sovereignty but also fairness. In the public gaze, corporate tax avoidance seems manifestly unfair (Taylor-Gooby, Leruth, & Chung, 2019). This article suggests elected representatives need to make and enforce the case for a social contract between MNEs and the countries that host them more explicit. Embedding tools will enable promotion of normative change (Baker & Murphy, 2021), such as benchmarking outcomes for global tax redistribution to market economies (OECD/G20, 2020). This would give voice to beliefs among their constituents that corporate citizens should demonstrate reciprocity and distributional fairness.

Conclusion

This article's objective is to understand how governments can exert greater sovereignty over MNE in relation to corporate tax avoidance. This has involved listening carefully to the many voices talking to, and often talking past each other, in Select Committee testimony, in the media and in face-to-face interviews. Understanding different stakeholders' perspectives in terms of discourses broadens understanding of how different voices engage in dialogue and debate. This interdiscursive perspective takes in the ideologies and worldviews held by each key stakeholder group (Campbell, 1998, 2002). In turn, this reveals the competing as well as

complementary aspects to a discursive configuration that supports the continuation of these contested practices.

Prior research has focused primarily on how discourses align and support one another (Meyer & Hollerer, 2010; Reay & Hinings, 2009); this article's analysis of clashing discourses and logics shows how BEPS endures in the face of robust critique from some quarters. Corporate tax avoidance thrives in an era of globalization partly because of differences in territory and jurisdiction but also because ideational paradigms and worldviews remain concealed in the background. A more effective and robust response to corporate tax avoidance would come about if the discourses of legislators, regulatory agencies and civil servants were aligned. The value of a discourse of idealism is it more effectively connects regulatory agencies, legislators and civil servants to the logic of representative democracy (Pierre, 2009; Putnam, 1990). This cuts through complexity, taking us to the heart of what is "fair", possible and doable. It can then be argued more clearly that paying tax is a civic responsibility for corporations just as it is for citizens.

Table 1: Data Sources

Data Source	Participants	Pages
25 face-to-face, in-depth semi-structured interviews, field notes on interviews	Two MPs, Senior Civil Servants, National and international Regulators	403 (transcripts) 57 (notes)
Analysis of oral testimony from 27 witnesses at PAC public hearings in 2012 and 2013.	PAC & NAO as interrogees; HMRC and foreign-HQ MNEs as witnesses	137 (transcripts)
Analysis of 2013 Home HQ annual & quarterly reports for three MNEs: Amazon, Google & Starbucks	Securities Exchange Commission (US) Portal	747
Analysis of 2013 Subsidiary (UK) annual reports for Amazon, Google & Starbucks	UK Companies House	98
Documentary analysis of policy documents in public archives and web portals	Described in more detail (see Appendix A)	688
Total		2,130

Table 2: Four Discourses on Corporate Tax Avoidance

Discourse	Globalism	Idealism	Pragmatism	Shareholder interest
<i>Key Actors</i>	FRC and professional members	MPs; Select Committee and constituent public	HMRC and tax professionals	MNEs, management and capital market intermediary analysts
<i>Dominant Logic</i>	Market Primacy (Friedman, 2002; Srnicek, 2017)	Representative Democracy (Pierre, 2009; Urbinati, 2006)	Pragmatism (Devitt, 1991; Putnam, 1990)	Investor Primacy (Jensen & Meckling, 1976; Stout, 2012)
<i>Actors' aims</i>	Promote economic growth and accountability to investors through market stability and transparency	Create level playing field for domestic firms and foreign MNEs and expose unfair practices	Evolve tax rules to become more responsive to emerging business models and digitalization	Maximize shareholders' investment through minimizing costs, while controlling risk
<i>View of Tax Avoidance</i>	MNEs are entitled to optimize their tax liabilities in a borderless world, provided it is done lawfully	Tax avoidance is unfair manipulation that undermines the sovereignty of nation-states	Tax avoidance is not ideal, but if it is within the boundaries of the law, tax agencies have to work with these constraints to try to realize the best deal	MNEs are stewards of shareholders' investments. Tax avoidance creates value and contributes to the efficient use of these investments

<p><i>Verbatim, representative quotes</i></p>	<p>I think we need to get back to what's the purpose of the reporting... We feel that the primary audience for these reports is the investor, it's the provider of capital. (Executive Director, FRC)</p> <p>.....</p> <p>Frankly, companies these days, businesses these days, have no borders. Investors have no borders. Money has no borders. (Member, FRC)</p> <p>.....</p> <p>From a stewardship perspective, it's irrelevant to the shareholder because they [the group] own both the subsidiaries. The transfer has</p>	<p>I think the public find it quite difficult to understand how a company that operates in a country and makes significant profits from its business in that country doesn't pay what is seen as its fair share of tax. (MP A, PAC)</p> <p>.....</p> <p>And this is compounded by the takeover of British firms by American firms, which brings them into a new tax relationship whereby they can side-track profits through the British firm into another jurisdiction. (MP B, PAC)</p>	<p>Well look, I think that there are clearly many examples under the existing rules where interactions between the tax laws of various countries have allowed for structures and arrangements to be put in place, where there is patently no or little connection between places where taxable profits are being reported, and where the actual economic activity, the value creation. is going on.' (Head of Tax Policy, OECD)</p> <p>.....</p> <p>That's why there is this role now for this specific diverted-profits</p>	<p>What I would say is, as an international business ... we make choices about where we locate and how we set up our structure, in order to ensure we can operate successfully and to minimize the costs and do the efficient things to run our business. (Oral testimony to the PAC, House of Commons, Director of Amazon)</p> <p>.....</p> <p>But I would say that if every company in the world invested the way Amazon did, then the world would be in a much more rapid growth environment than we are</p>
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	<p>been done; they have a bit more value sitting here and now it's sitting there. It doesn't matter because it's all owned by them. (Chair, ICAEW)</p> <p>.....</p> <p>It's a very skewed sample of companies that highlighted things that they didn't like—such as high revenue, low tax base—sorry low profit, like the ability to move your operations around. (Chair, ICAEW)</p> <p>.....</p> <p>I think the roots, or one of the root issues here is trust. There is less and less trust in general of all</p>	<p>.....</p> <p>But can you name me one company - one multinational company... that has a 31% market share by turnover and has been making losses for 15 years? (MP C, PAC)</p> <p>.....</p> <p>They've [OECD] done useful work, but again, their role is like ours in a sense, illustrating what's going on. But it needs agreement, and they need the power to act, which they haven't got, and we haven't got [without multilateral agreement]. (MP B, PAC)</p>	<p>arrangement where there is a clear divergence between real economic activity and what true and fair accounts are reflecting as the profit that's been attributed. So, both are legitimate, they haven't broken a legal rule. (Senior Policy Advisor, HMRC)</p> <p>.....</p> <p>Multinational companies are companies which can choose where to put their headquarters and where to put their outlets, and they are taxed in the country where they carry on economic activity, not where their customers are. That is an</p>	<p>today, because on an aggregate level, Amazon doesn't make any profit. They reinvest everything, and I think that is quite a positive story really. (Senior Analyst, IMA)</p> <p>.....</p> <p>That is the economic success story for Google. I am proud to say that we are supporting thousands of start-ups now in the UK through our activity in tech city, but also through the fact that our paid advertising works in a way in which no advertising has worked in the past, to help reach consumers around the</p>
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	sorts of things. Banks got mistrusted in 2008... It used to be insurance agents and used car salesman, and it's moved on. (Chair, FRC)		international arrangement. (Chief Executive, HMRC)	world. (Oral PAC testimony, Google VP Sales)
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Appendix A: Interviewees, Witnesses and Policy documents

Stakeholder Organization	Interviewee(s) or Witness(es)
FRC	Executive Director, two Members, two Chairs, Executive Officer, Senior Analyst
International Financial Reporting Council (IFRC)	Coordinator
ICAEW	Chair
IIRC	Chief Strategy Officer
Institute of Fiscal Studies	Senior Economist
PAC, House of Commons	Chair and eight other Members of Parliament
NAO	Auditor-General, Asst Auditor General, 3 Members
TARC	Team Leader, 2 Members
HMT	Deputy Director, two Senior Policy Advisers
OECD	Head of Tax Policy, Head of Tax Treaty
HMRC	Chief Executive, Director General (DG), Senior Policy Advisor, DG (Benefits), Chief Financial Officer, Tax Assurance Officer
Office for National Statistics (UK)	Industry Classifications representative, Statistician
Ernst & Young	Head of Tax
IMA	Senior Analyst, Investment Analyst
MNEs	Starbucks CFO; Amazon, Director; Google, VP Sales
Policy Documents	
<p>Conceptual Framework for Financial Reporting: 2010; FRC Guidance on the Strategic Report: 2014; FRC–The Corporate Governance Code: 2014; FRC–The UK Stewardship Code: 2012; FRC–True and Fair Statement: 2014; IAS 24 Related-party Disclosures: 2009; IFRC 8 Operating Segments: 2007; IFRC 8 Operating Segments: 2013; IFRC 10 Consolidated Financial Statements: 2011; IFRC 12 Disclosure of Interests in other entities: 2011; IFRC 15 Revenue from Contracts with Customers: 2014; IIRC Framework: 2013; Martin Moore QC Opinion: 2013; Occupy London: Web portal; OECD (2013) Addressing BEPS; OECD (2014) Action 1: Addressing the Tax Challenges of the Digital Economy; OECD (2014) Action 13: Guidance on Transfer Pricing; OECD (2015) Action 1: Addressing the Challenges of the Digital Economy; Parliamentary Commission for Banking Standards; Response to FRC’s True and Fair Statement–A long-term shareholder perspective: 2014; Richard Murphy Tax Research UK; Tax Justice Network: Web portal; UK Budget: 2013; UK Autumn Statement: 2014; UK Uncut: Web portal.</p>	

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