As everyone now seems to agree it's time for Plan Worstall [1]

Written by **Tim Worstall** [2] | Saturday 20 July 2013

Quite astonishingly we now have both the OECD [3] and the Tax Justice Network [4] in agreement with each other. Cats will lie down with dogs and it is the end of times. What they're agreein on is that the current international corporate taxation system is no longer fit for duty. The system builds upon steps first taken in the 1920s and changes in the way the world works since then have made the basics of the system just not workable.

However, they're both coming up with the wrong solution to this problem. To find the correct solution we need to go back to some basics. Yes, we do need government therefore we do need tax revenue to fund it. While it would be lovely not to have to tax economic value creation we can't raise enough cash for the amount of government we seem to want without doing so. So, great, we need to tax economic activity.

Both the OECD and the TJN seem to think that that must mean that we tax companies. But we know very well that the economic burden of corporate taxation does not fall upon the company: it falls upon some combination of the shareholders and or workers. The only reason we've ever taxed the companies themselves is because they were a convenient place to tax. Now, as the OECD and TJN are stating, they're not a convenient place to tax.

So, why the insistence that we must find a new way to tax companies? For that's not what we want to do at all: we want to tax the economic activity, yes, because we need the money. But why tax inconveniently where we know the real burden doesn't fall? Why not just tax where we do know the real burden falls: on the shareholders and the workers?

At which point I suggest that we simply abolish corporation tax altogether. Tax corporate capital gains and dividends just like income from any other source and be done with it.

Of course, there have also been people who actually know what they're talking about who have looked at this question. The Mirrlees Review [5] for example. But no one's paying any attention to anyone who actually knows about the subject, far better to have baseless speculation from the ill informed like me. At least I assume this passion for the involvement of the ill informed explains why people are talking to the TJN.

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