

30 Years of Research on International Tax Planning—Review and Looking Ahead

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Abstract: This paper provides a structured survey of the empirical literature on the tax-motivated income-shifting behavior of multinational corporations (MNCs). Tax-motivated income shifting refers to a set of tax planning strategies used by MNCs to lower their global tax burden by strategically reporting their taxable profits in tax-preferrable jurisdictions after implementing operational decisions. This study aims to fill a gap in the existing knowledge of international tax research by (1) exploring this very broad literature using structured methods to identify income shifting papers, and (2) focusing specifically on the sizable literature on income-shifting mechanisms, determinants of income shifting including internal and external firm factors, and the consequences of income shifting. The goals of this survey are to structure and summarize what has been learned, and also to highlight areas where future income-shifting research is needed, such as challenging maintained assumptions, delving into the “black box” of MNCs’ income-shifting decisions, and exploring under-studied settings and taxpayers. As a secondary contribution, the review provides a framework to undertake a structured analysis of an accounting literature.

Keywords: Tax-motivated income shifting, international tax, multinational tax, tax avoidance

JEL Classifications: H25, H26, M50.

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Abstract: This paper provides a structured survey of the empirical literature on the tax-motivated income-shifting behavior of multinational corporations (MNCs). Tax-motivated income shifting refers to a set of tax planning strategies used by MNCs to lower their global tax burden by strategically reporting their taxable profits in tax-preferrable jurisdictions after implementing operational decisions. This study aims to fill a gap in the existing knowledge of international tax research by (1) exploring this very broad literature using structured methods to identify income shifting papers, and (2) focusing specifically on the sizable literature on income-shifting mechanisms, determinants of income shifting including internal and external firm factors, and the consequences of income shifting. The goals of this survey are to structure and summarize what has been learned, and also to highlight areas where future income-shifting research is needed, such as challenging maintained assumptions, delving into the “black box” of MNCs’ income-shifting decisions, and exploring under-studied settings and taxpayers. As a secondary contribution, the review provides a framework to undertake a structured analysis of an accounting literature.

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1. Introduction

Accounting, finance, and economics researchers have published over 1,000 empirical papers on international tax issues. More than 100 of these publications, plus numerous working papers, address tax-motivated multinational income shifting specifically,¹ with over half of those papers published in the past 7 years and many yet to be published.

The dramatic growth in research on the topic parallels an increasing interest by the public and policymakers internationally. The Financial Crisis brought new attention to perceived rising inequality, government subsidies of large corporations, and concerns over whether these corporations were paying their “fair share” of taxes. The OECD/G20’s Base Erosion and Profit Shifting (BEPS) initiative, intent on curbing multinational profit shifting, arose in part from these sentiments and began in 2013 with initial reports starting in 2014 (e.g., OECD, 2014). Although the OECD/G20’s recommendations are not legally binding for any country, the project has made significant progress towards harmonizing tax regulations across countries. A key component of the success of BEPS has been the significant support among large, economically-developed countries and, particularly, the European Union spurring the adoption of many recommendations into law.

Against the backdrop of a decade of multilateral efforts to curb multinational income shifting,² it is more important than ever to understand what we already know about tax-motivated income shifting – and especially what gaps we have in that knowledge base. To that purpose, this paper provides a survey of the vast empirical literature on the tax-motivated income shifting of multinational corporations (MNCs).

¹ Tax-motivated income shifting refers to a set of tax planning strategies used by MNCs to strategically report their taxable profits in response to tax rate differentials across the jurisdictions in which they operate to lower their global tax burdens. The related literature on state-level income shifting is beyond the scope of this review.

² Recent efforts include market-based taxation regimes and the proposed Global Minimum Tax, so-called Pillars 1 and 2, respectively.

This study aims to fill a gap in the knowledge of income-shifting research by focusing directly on the income *reporting* decision of how to structure and price intercompany transactions (typically made by accountants). The reporting decision is distinct from the operational decisions that relate to *earning* income, such as the location of investment and employment. Prior literature reviews predominantly focus on assessing and explaining differences in the tax semi-elasticities of profits across studies due to differences in data and estimation methods (Dharmapala, 2014; Heckemeyer and Overesch, 2017; Riedel, 2018; Beer, de Mooij, and Liu, 2020; Merlo and Wamser, 2024), tax-motivated operating choices (also called real effects of tax-motivated income shifting; Lester and Olbert, 2024), or the literature to a public policy audience (Dyreng and Hanlon, 2021). Our perspective complements these studies by first categorizing and summarizing the literature more broadly, then by focusing on the reporting decision of where to report taxable income conditional on an MNC's global footprint. We also explore the regulatory and enforcement environment surrounding these reporting decisions, and managerial decisions within the MNC that influence or are influenced by these reporting decisions. Our focus on the reporting rather than operational decisions stems from the hierarchy of tax planning activities outlined by Slemrod (1992), in which reporting changes are less costly than operational changes and, therefore, the most-likely and pervasive form of decision by taxpayers to avoid tax costs. We discuss this issue in greater detail below.

We begin by undertaking a structured review of the literature. The pre-specified process of identifying papers for analysis is designed to avoid potential bias in article selection that limits the range of knowledge discussed (Massaro et al., 2016; Transfield et al., 2003). Because the literature on tax-motivated income shifting can be traced back to three early empirical papers published in 1993 and 1994, we identify papers using forward citation searches from these and

three other highly-cited subsequent papers.³ This process leads to a total of 1,138 papers that are further narrowed down to 789 “higher-quality” papers to be analyzed in greater detail. Within these papers, we identify four research areas using a large language topic extraction method.

We further analyze the group of 110 published papers plus available working papers that focus specifically on tax-motivated income shifting. From this literature, there is ample evidence that MNCs engage in tax-motivated income shifting. This survey will extend this literature by reviewing the empirical work on income-shifting mechanisms, determinants including firms’ internal and external factors important to the income-shifting decision, and the consequences of income shifting. We further categorize determinants into exogenous firm characteristics, incentives from regulation and enforcement, and country-level factors. Similarly, we organize the consequences of income shifting by its role in internal decisions of investment or other choices, and in capital markets.

This survey will also highlight areas where future income-shifting research is needed. Additional regulatory changes such as the public country-by-country reporting (CbCR) regime in the EU and the Global Minimum Tax will provide opportunities to evaluate the effectiveness of these policies as well as potential “shocks” to improve causal estimates of income shifting. Further, to date, much of the research evaluating the effectiveness of regulatory changes shows most regulatory interventions are effective, but the evidence for others, such as private CbCR, is more mixed. We highlight this and other areas of research where future work could resolve conflicting evidence. In addition, more research is needed that delves deeper inside the “black box” of the MNC to better understand heterogeneity in MNCs’ propensity to shift income, the

³ The process is fully described below. The three original papers are Harris (1993), Hines and Rice (1994) and Klassen et al. (1993). The subsequent papers are Collins et al. (1998), Huizinga and Laeven (2008), and Klassen and Laplante (2012a).

importance of tax havens, and how to better disentangle investment location decisions from the reporting decision to shift taxable profits in response to tax incentives. Finally, we point to under-studied areas where income-shifting behavior should be more intensely explored, such as developing economies, smaller MNCs, and private MNCs.

This survey contributes to the literature along several dimensions. First, we synthesize a much larger set of international tax literature from the fields of accounting and public finance that have evolved somewhat separately over time but would benefit from greater overlaps. The accounting literature often leverages institutional details of the transfer pricing regulations and methods, the role of practitioners in monitoring MNCs, and the role of disclosures to provide a more real-world understanding of how income-shifting decisions are made in practice. A survey that better incorporates the large income-shifting literature produced by both accounting and non-accounting researchers should also benefit policy makers, both domestically and internationally.

Second, we provide a comprehensive assessment of the income shifting literature. In doing so, we provide a roadmap to researchers interested in conducting income-shifting research by surveying prior work, highlighting gaps in our understanding of multinational income-shifting behavior, and pointing researchers to important questions that could be addressed by future work. Third, a survey of the income-shifting literature also contributes to the broader set of tax and public policy scholars for which income shifting is but one specific tax planning strategy. Our review elucidates the income shifting decision of setting intercompany transfer prices and altering the location of highly profitable factors of production like intangibles, which overlay the real investment location decisions that may be the target of tax policies. Without also considering the potential reporting responses to tax policies – in addition to operational responses – proposed policies may not achieve their intended effects.

The survey proceeds as follows. Section 2 describes our structured process for identifying and classifying papers discussed in this literature review. Section 3 summarizes the tax planning research area, separating this research area into income shifting papers and those addressing other topics. Section 4 provides a detailed examination of the income shifting literature, including an overview of efforts to date to measure tax-motivated income shifting, discussing the strengths and weaknesses of different prediction models and datasets, as well as reasons behind the diverging range of magnitudes provided by prior work. It also surveys the existing literature, which we classify mainly into three categories: income-shifting mechanisms, determinants of income shifting, and consequences of income shifting. This section also highlights remaining gaps in these streams of literature. Section 5 highlights areas for future research, including measurement issues but also pushing future work to question existing assumptions and delve deeper into how income-shifting decisions are made within and across MNCs. This section will highlight key work spearheading these streams of research. Section 6 concludes.

2. Structured literature review

We begin our analysis of the extant literature by collecting and analyzing academic papers using a systematic approach. By using this approach, we are able to identify a large number of papers and also avoid biases potentially associated with more ad hoc selection processes. With the selected papers, we use a natural language processing approach to model the papers' "topics" that we will refer to as research areas. This process extracted four research areas from the 789 papers that we identify, as described more fully below. We then analyze these research areas over time, focusing on the ways in which the literature has developed, and which areas are published with which types of journals. In the next sections we focus more specifically on the research area that encompasses tax planning papers, and in particular, the subset of papers

addressing income shifting specifically.

This section will first discuss the paper selection process that resulted in the 789 papers that are included in the analysis. We then summarize the topic extraction methods and outcomes. Finally, we summarize the analysis of these papers' research areas.

2.1 Paper selection

The research into corporate income shifting is commonly conducted by accounting and public economics researchers. This research has spanned the last 30 years, with the earliest papers published in the early 1990s. To identify this literature, we undertake a structured approach, similar to that described in Massaro et al. (2016), Linnenluecke et al. (2019), Matthews (2021) and Nguyen (2024). Figure 1 summarizes the steps.

The language used in the literature varies widely, including the choice of keywords captured by databases; therefore, we choose an approach that searches references rather than keywords. To implement this approach, we begin with seminal articles and then identify all papers that cite these papers using *Web of Science* and *Scopus* (similar to the approach of Tsalavoutas et al., 2020). Step 1, then, is to identify the seminal papers. We use two search terms, “income shifting” and “profit shifting” within the *Google Scholar* database to identify articles, and then we use *Web of Science* and *Scopus* to identify citation counts for the papers.⁴

This process identifies seven initial articles with a citation count in *Web of Science* of at least 125 papers on April 29, 2025. Three of the seven papers were removed because they are rarely cited by accounting papers (Grubert, 2003; and Mintz and Smart, 2004) or it is a review

⁴ We initially use *Google Scholar* because its search function is not restricted to specific text (e.g., keywords) and because of its broad coverage. We use *Web of Science* and *Scopus* to identify citation counts because of their more selective approach to citation sources and because this is the common source found in other structured literature reviews across a variety of disciplines (e.g., Massaro et al., 2016 in accounting, but also, for example, Karabacak et al., 2024 in epilepsy research and AlKhader et al., 2025 in clean technology research). The citation counts in *Web of Science* and in *Google Scholar* are highly correlated.

paper (Dharmapala, 2014). This resulted in four initial papers, Klassen et al. (1993), Collins et al. (1998), Huizinga and Laeven (2008), and Klassen and Laplante (2012a). We added Harris (1993) and Hines and Rice (1994) because these papers were developed concurrently with Klassen et al. (1993) and, in the case of Harris (1993), is just below the citation criterion. The next most highly cited paper is Dyreng and Markle (2016) with 100 cites.

Step 2 identifies the papers citing these papers and narrows this list to a set of papers for analysis as follows. We use both *Web of Science* and *Scopus* to identify papers that cite at least one of the six papers identified in Step 1. The benefit of using these databases, versus *Google Scholar*, is that these common databases are more selective to focus on more influential sources, and these databases provide interfaces for efficient extraction of article information. The largest downside of this approach is that it does not capture working papers. We acknowledge this limitation and augment our discussion of the future of research in this space by including working papers in Sections 4 and 5.

After extracting articles that cite each of the six seminal papers in the two databases, we combined the lists into a single list of articles. Table 1 summarizes the selection process for article extraction that occurred on April 29, 2025. Once duplicates are eliminated, 1,138 papers make up the initial list. Because we believe it important to focus on more influential papers, we remove 307 papers that are not in journals classified by Australia Business Deans' Council (ABDC) as A*, A or B; and that do not have at least 10 citations identified by *Web of Science* or *Scopus*. Of the remaining 831 papers, we drop 15 papers because they were in books where a separate pdf file could not be created, 18 papers because they are reviews or commentaries, eight articles because they were in journals behind a paywall for which the authors did not have access, and one paper which could not be found. This leaves a final sample of 789 articles, 292 and 263 of which are in journals classified as A* and A, respectively, by the ABDC.

2.2 Research Area identification

Step 3 identifies the research areas. Beginning with the basic data on the articles, we created a database of the full papers in text format for textual analysis.⁵ Using these files, we implement the MALLET topic extraction routine that uses latent Dirichlet allocation (LDA) to identify topics through commonality of language across the papers. By focusing on the words in the articles, the LDA produces a probabilistic assessment of each paper's similarity to a particular topic relative to the other topics.⁶

Judgement is necessarily involved in determining the number of research areas in a given dataset of textual documents, and we opted for a smaller number of more broadly-defined research areas. We chose four broad research areas in order to reduce the potential that the LDA will not provide meaningful classifications. Appendix 1 provides a summary of the four research areas by identifying the ten papers in each topic with high probabilities of association with the research area, suggesting they are most characteristic of the area, and significant citations, suggesting that the papers are more widely read. We manually reviewed these papers and summarized the four research areas with the following labels for each topic: tax planning, tax policy, investment, and international business.

To assign documents to topics, it is common to use the maximum match probability for each paper; however, we recognize that many research papers contribute to more than one stream of research. This is reflected in the probabilities that are sometimes split fairly evenly across

⁵ We initially created a record for each paper that included its title, abstract and keywords identified by the authors, *Web of Science* and *Scopus*. However, we ultimately determined that a database of the full text of all articles was needed to ensure that the topic extraction was not limited to the specific words and concepts chosen by the papers' authors or by the database creators. The need for the full article resulted in the loss of the 24 articles as described in the text: those for which the article is in a book (15 papers), behind a paywall (8), or could not be found (1). We believe that the benefit of using the full articles' text exceeds the cost of the loss of these articles from the analysis.

⁶ In this process, we removed the standard list of English stop words, plus (1) a list of non-informative but very common words in research papers and (2) identified common artifact "words" resulting from the conversion of articles from pdf format to txt format. These additional stop words are available from the authors.

topics. For example, Markle and Shackelford (2014) has the smallest maximum probability that would assign a paper to the tax planning research area at 34.0%. This paper also assigns 31.6% to a second topic. However, Bauckloh et al. (2021) has a probability associated with the tax planning research area of 46.9%, but has a probability associated with another research area of 49.0%. To assign Markle and Shackelford (2014) to the tax planning research area but not Bauckloh et al. (2021) does not make sense to us. Thus, we chose 33.97% as the cut-off to assign papers to research areas, as this is just below the smallest maximum probability that would assign a paper to the tax planning research area. This assignment process resulted in 634 papers being assigned to a single topic, 151 papers being assigned to two topics, and four papers not being assigned to any topic.⁷

2.3 Research Area Analysis

Step 4 is to analyze the research areas, which we do in this section. Step 5 takes the tax planning research area and examines this set of papers in greater detail; this analysis is discussed in subsequent sections.

2.3.1 TIME TRENDS IN RESEARCH AREAS

The research in international tax has grown dramatically over the decades. Of the papers in our analysis, the first paper was published in 1991. The years ending in 1999 saw a total of 40 paper of the 789 papers. In the period from 2021 to April 2025, inclusive, there have been 231 papers published. A regression of the natural logarithm of the number of papers per year on the

⁷ The four papers were not assigned because no research area had a probability that exceeded the threshold. The maximum probabilities for these papers range from 29.98% to 33.07%. For example, Vintila et al. (2018) has a probability associated with the investment area of 30.97%, the international business area of 30.64%, the planning area of 22.82%, and the policy area of 15.57%. Exploration of the four papers reveals that our forward-citation selection process captures papers that are not necessarily about international tax topics even though they cite one of the six initial papers. Vintila et al. (2018), for example, is a paper that explores the determinants of ETRs using Eastern European countries, and cites Huizinga and Laeven (2008) in relation to that choice of setting.

year (untabulated) finds the number of papers published increased by 11% per year, on average.⁸

To gain further insight into the time trends within research area, Figure 2 displays the time trends using three-year rolling averages.⁹ Panel A displays the number of papers published and Panel B displays the relative proportion of papers. Panel A shows that both tax planning and tax policy have been active and growing areas of research since the early years. However, the trend over time differs across these two. After an initial start, through 1997, the tax planning research area has followed a fairly consistent and flat rate of activity at three to four papers per year in each three-year rolling period, until approximately 2012 when the trend began to rise, reaching an average of almost 20 papers per year in the 2022-2024 period. On the other hand, tax policy research followed a similar initial trend, but rose rapidly starting in 2009 reaching a peak in 2010-2012 before declining through 2017 and rising again in more recent years, reaching an average of 23 for 2022-2024.

Research classified by our analysis as investment and international business did not begin until 1998 and 1997, respectively. Research in the investment area also grew beginning around 2008 and also in more recent years, reaching an average of almost 16 papers per year for the 2022-2024 period.

Finally, research classified as international business is less common, primarily due to our focus on international tax research in accounting and economics. Papers classified in this research area reached a peak of 11 papers per year in the 2018-2020 period, though there is an uptick at the end of our sample period.

⁸ The coefficients (t-statistics) in this regression for the intercept and year are -216.471 (-12.63) and 0.109 (12.79), respectively. The dependent measure is $\ln(\text{number of papers published})$.

⁹ For this analysis, we use the unweighted number of papers classified in each research area. Thus, in the final period of 2022-2024, the sum of the three-year averages across the four areas is 67 papers, while the average number of unique papers is 53.7. We also do not include 2025 papers because we collected data in April of 2025, thereby excluding 29 papers from the trend analysis.

Panel B shows that, keeping in mind the context of the overall trends through time, initially tax policy and tax planning accounted for similar amounts of research, with tax policy having somewhat more activity. The relative time trends reflect the analysis of the trends in the number of papers. As tax policy and investment research surged starting in the late 1990s and early 2000s, the relative proportion of tax planning papers fell dramatically to approximately 10% in the 2008-2010 and 2009-2011 periods. However, as this area of research gained popularity, the proportion of tax planning articles returned to approximately 30% by 2016-2018, a level it has maintained through the end of our sample period. Tax policy research has been a fairly consistent proportion of overall research

Overall, the trends in research presented in Figure 2 suggest that all areas of research have grown over the last three decades. However, the trends are not the same with tax policy and investment-related research gaining focus of researchers earlier and tax planning only gaining focus of researchers starting in 2012. In the last five years, the proportions have settled and tax planning research currently makes up approximately 28%; tax policy, 34%; investment, 23%; and international business topics, 15%.

2.3.2 OUTLETS FOR RESEARCH AREAS

In Figure 3, we summarize the outlets for publication by classifying the journal or book outlet according to the ABDC classifications. Overall, 340 and 322 are published in A* and A ranked journals, respectively, or 36% and 35%, respectively. The remaining 29% is mostly B ranked journals with only 8% in C ranked journals, unranked journals such as the *Virginia Law Review*, or in books.¹⁰

¹⁰ The proportion of papers that are classified in two research areas does not differ dramatically across the ABDC rankings. If instead of the totals by research area, we classified unique papers, the proportions are 37%, 33%, 21% and 9%, for A*, A, B, and others, respectively.

We also note that the propensity to be in A* journals varies considerably across the research areas. Fully 59% of tax planning papers appear in this top tier of journals, whereas less than 25% of papers addressing topics in investment or international business are in these journals. Conversely, tax planning rarely is published below the A rank. On the other hand, tax policy papers are found in outlets such that their distribution across the ABDC ranking classifications closely mirror the population proportions (tax policy papers proportions are 36%, 33%, 23% and 8%, for A*, A, B, and other, respectively).

In our opinion, the relatively high proportion of tax planning papers that appear in A* ranked journals can be attributed to a combination of the higher concentration of accounting scholars who contribute to this research area and the focus in many accounting departments on publications in A* ranked journals.

This view is consistent with a more detailed analysis of the journals where papers are published. Table 2 presents the 15 journals most common within the papers we analyze, sorted within ABDC ranked classifications and by number of papers. The *National Tax Journal* has the largest number of papers, at 49; however, only 8 of these are in the tax planning area. The second most common outlet is the *Journal of Public Economics*, a common outlet for tax policy research and rarely an outlet for research in tax planning. Next, four of the top six accounting journals are placed third through sixth, and these four journals account for a large proportion of the tax planning papers (89 of the 230 tax planning papers are in these four journals). Outside the top six accounting journals, not surprisingly, *The Journal of the American Taxation Association* has 16 papers in the tax planning research area.

We also notice that the top 15 journals listed in the table account for 64% of all papers on tax planning (147 of 230). Somewhat in contrast, this concentration in outlets is less severe in the other research areas: the 15 journals account for only 47%, 16% and 25% for tax policy,

investment and international business topics, respectively (163 of 345, 31 of 199, and 41 of 162, respectively).

2.3.3 CITATION COUNTS FOR RESEARCH AREAS

As a final analysis, we explore the citation counts for papers with each of the four research areas. To do so, we use the citation counts from *Scopus* or *Web of Science*, whichever gives us the maximum number of citations. We then classify citation counts according to their quartile and cross-classify the four quartiles and the four research areas. Figure 4 summarizes this classification process. In total, the number of papers per quartile differs slightly due to the count nature of the underlying data.

Examining the classifications within research area (e.g., the light-blue bars for tax planning), the number of papers in each quartile is roughly consistent. In fact, a chi-square test of association fails to reject the null hypothesis that the two classifications are independent. From this, we conclude that the likelihood of citation does not vary notably across the research areas, perhaps in spite of differences in journal quality found in Figure 3 and Table 2.

2.4 Summary of Findings For Research Areas

In this section of our review, we describe a structured literature review of the research that relates to international tax research, focusing on accounting and economics papers found in the *Web of Science* or *Scopus* databases. Of the initial selection of 1,138 papers, we analyzed in detail 789 papers. Topic extraction analysis allowed us to identify four overlapping research areas for these papers: tax planning, tax policy, investment, and international business.

All areas of research have grown dramatically over the last three decades with tax policy and tax planning being the initial area of work, but international business and investment quickly gaining attention. By the end of our sample period, 2024, the proportion of papers in each research area was 29%, 34%, 23% and 13%, respectively. In comparison to 2015, tax planning

and investment-related research and has grown while international business research was declined. Tax policy research has maintained a fairly consistent proportion over this time period.

Analyzing the publication outlets and citation counts shows that tax planning research is more likely to appear in the A*-ranked journals with many of these papers routinely appearing in five of the top six accounting journals whereas investment related research is more likely in B-ranked journals, journals not ranked by ABDC, and books. In notable contrast to the journal ranking trends, citation analysis suggests that the likelihood of citation is not dependent on the research area.

Overall, the analysis suggests that all areas of international tax research have, and continue to grow in volume. While the tax planning area is most commonly published in the top accounting journals, the impact, as measured with citation counts, does not seem to vary to a great degree across research areas. In the next section, we explore the tax planning research area in greater detail, with a particular focus on the income shifting literature.

3. Income Shifting and the Tax Planning Research Area

In the structured review discussed in the previous section, one of the research areas we identify consists of papers on topics relating to international tax planning. In this section, we analyze this area more specifically, leading to a more detailed analysis of income shifting research in the subsequent section.

3.1 Extant Literature Reviews

Extant research contains several literature reviews that focus on specific aspects of international tax planning.¹¹ Dharmapala (2014) review this literature with a particular emphasis

¹¹ Beyond those summarized here, several others were uncovered during our structured literature review. These reviews did not focus on international tax planning topics. For example, Genschel and Schwarz (2011) review the economics and political science literatures on tax competition using a theoretical approach, and Nguyen (2024)

on the empirical approaches to base erosion and profit shifting (e.g., Hines and Rice, 1994; Collins, Kemsley and Lang, 1998; Dyreng and Markle, 2016; Dharmapala and Riedel, 2013), data (e.g., *Orbis*, German central bank, *Compustat*), mechanisms (e.g., transfer pricing, intercompany debt), and findings in the empirical literature. The focus of the review is on each estimate of the magnitude and why these differ across studies, taking as a starting place the Heckemeyer and Overesch (2013) meta-analysis/consensus estimate that a 10 percentage point increase in the tax rate difference between an affiliate and parent increases the pre-tax income of the affiliate by 8 percent.

Two of the reviews, Cooper and Nguyen (2020) and Beer, de Mooij and Liu (2020), summarize international tax planning research with a goal of identifying the important mechanisms used by MNCs to plan in the international environment. Cooper and Nguyen explore 120 empirical and theoretical articles in journals and books over the period 1966-2017. They identify transfer pricing, internal debt, location of economic activities, use of tax havens, and relocation of IP as key methods to achieve the planning. They also show that multinationality, size, profitability, management, and CSR are firm characteristics that influence MNE corporate tax planning in the cross section.

Beer, de Mooij and Liu (2020) provide a review of empirical literature on international tax avoidance, also with a focus is on the methods for income shifting: transfer pricing, IP, debt, and treaty shopping. They also summarize literature on the effectiveness of regulations intended to curb income shifting. Finally, a meta-analysis that follows up from Dharmapala (2014) finds that a 1 percentage point increase in the tax rate differential reduces reported pretax profits of an

reviews the determinants of subsidiary performance with only tangential references to taxes in this setting. Alternatively, Hanlon and Heitzman (2010) and Wilde and Wilson (2018) focus on tax planning more broadly with brief mentions of international tax planning specifically.

affiliate by 1%, but this has increased over time and is 1.5% in recent years. The paper also points out the big difference in effect sizes between studies using macro versus micro data.

3.2 Focusing on Income Shifting Papers

Of the four research areas identified in the literature review of the previous section, we focus on the tax planning research area in this section. We are particularly interested in research that focuses on income shifting. To identify papers addressing this specific aspect of international tax planning, we employ artificial intelligence methods. Following the framework for using LLMs in accounting research outlined in de Kok (2024), we used a GPT-5 model with a zero-shot prompt to sort through the titles and abstracts of the 230 academic papers classified as international tax planning. This process identified 110 papers that explicitly discussed income shifting. See Appendix 2 for detail of the prompts. We validated the model and prompt by auditing a random sample of 30 observations and found the LLM classified the papers with a 97% accuracy rate.

We conduct analyses on the classification of the 110 income shifting papers versus the 120 papers on other international tax planning topics. Re-examining the ten example papers for the tax planning research area in Appendix 1, Chen et al. (2018), Dyreng et al. (2019), Hope et al. (2013), and Klassen and Laplante (2012a, 2012b) are classified as income shifting papers. Balakrishnan et al (2019), Callen et al. (2005), Edwards et al (2016), Krull (2004) and Rego (2003) address other aspects of international tax planning. While one could potentially debate whether Dyreng et al. (2019) is correctly classified, the process seems to provide good bifurcation.

Analyzing the time trend, displayed in Figure 4, there were 19 papers on income shifting versus 35 papers on other aspects prior to 2011. This finding suggests that the early literature explored a variety of topics with income shifting being one. However, exploring the trends since

2011, we discover that the trends for the two types of papers are similar. Using a regression of the natural logarithm of the number of papers in each 3-year rolling average (we use averages because there are zeroes in several years), the growth in income shifting papers has been 13.4% per annum since 2011, and the growth in other international tax planning papers has been 12.7% per annum since 2011. Both groups have 29 papers over the period 2022–2024.

When we explore the journals that the papers are published in, we discover that the observations for the international tax planning papers is also evident in the income shifting literature. That is, the proportion of papers studying income shifting is disproportionately in A* journals with 72 of the 110 income shifting papers, whereas 63 of the 120 other papers are in this list of journals. Of these A*-journal papers, 59 and 41 appear in the top 5 accounting journals, respectively. In contrast, only 6 papers are not in A or A* journals for the income shifting papers whereas 24 of the other international tax planning papers are in these outlets. The differences in classification across the two types of papers is significant at the 2% level using a chi-square test of association. Thus, like the comparison of the tax planning research area relative to the other papers, the income shifting papers, relative to the other tax planning papers, are disproportionately found in the top accounting journals.

Finally, and also mirroring the broader classification analysis, classifying the papers into quartiles of the number of citations for each paper reveals that the distribution is very similar across quartiles for the two groups. There are slightly more papers in the first and fourth quartile for the income shifting papers whereas the other papers have slightly more in the two middle quartiles. The chi-square test of independence fails to reject the null hypothesis that the classifications are independent (the p-value is 38%).

3.3 Summary

Thus far, we have described the structured literature review to first classify papers by research area and then classify the international tax planning papers by income shifting papers versus others. Overall, these analyses reveal a strong upward trend in all types of research but with tax policy research perhaps having an earlier start and other research beginning during our study period and gaining in importance since the early 1990s. The trends within the two types of international tax planning papers are very similar. The international tax planning research area generally, and the income shifting topic more specifically, are more likely to be published in A*-ranked journals, and in particular in the top 5 accounting journals. In spite of these differences in outlets, the *Web of Science* and *Scopus* citation counts do not vary notably across our research area classification of papers, or between income shifting and other tax planning papers.

In the next section, we analyze in detail the 110 papers on income shifting. We undertake this exploration because this is an important topic for accounting researchers, as discussed above, relative to all the other topics. For example, 111 papers of the total sample of 789 papers are in the top 5 accounting journals; however, 59 of these are in our 110 income shifting papers. More broadly, the question of income shifting continues to be at the fore of tax policy discussions with ongoing debate over the OECD initiatives, U.S. initiatives and those of other countries.

4. Analysis of Income Shifting Papers

A key part of this review is to synthesize what accounting and public finance researchers have discovered about tax-motivated income shifting. We focus on how the research has been conducted, what MNC decisions are taken to effect shift income (mechanisms), why MNCs do or do not shift income cross-sectionally or over time (determinants), and what income shifting can affect within MNCs and more broadly (consequences).

4.1 Income-shifting models and measures

The difficulty of empirically evaluating tax-motivated income shifting is that neither pre-income-shifting profits nor the amount of profits shifted are directly observable. As a result, it is necessary to develop models and measures using reported, post-shifting profits that estimate deviations of these observed profits from “true”, “economic”, or “pre-shifting” profits. Income shifting models typically include an estimate of true income, and a deviation of reported income from this true income, or sometimes characterized as residual income. Tax motivated income shifting, then, is viewed as the degree this deviation is correlated with tax incentives to shift income. Finally, by definition, income shifting from one jurisdiction to another would mean that the same number of dollars are shifted out as are shifted in. Thus, we characterize a strong empirical model of income-shifting as one that incorporates at least these factors: (1) explicit separation of pre-shifted profits from shifted profits, (2) the correlation of shifted profits with tax incentives, and (3) the summing up of shifted profits within MNC-year equal to zero. Several types of empirical models have been developed in an effort to achieve this.

The first group of models were pioneered by Hines and Rice (1994), and updated by Huizinga and Laeven (2008). These models generally use a Cobb-Douglas production function to estimate true, pre-shifting income as determined by tangible assets, employees or compensation expense, GDP or GDP per capita, and fixed effects by industry, country, and/or year, using either macro or micro data. This group of models focuses the empirical estimates on tax-motivated income shifting specifically by including a measure of tax incentives at the country- or affiliate-level. The innovation by Huizinga and Laeven (2008) was to include a weighted-average tax rate differential of each affiliate within a multinational group, such that the tax incentive measures whether the country where a multinational operates has a relatively high or low tax rate compared to the other countries where the multinational operates in the same

year. The weighting conceptually captures affiliate-level differences in the ease of hiding the income shifted (Huizinga and Laeven, 2008 at 1168), thereby capturing the cost of shifting from the original Hines and Rice (1994) equation. The coefficient on this tax incentive variable identifies whether reported profits deviate from estimated pre-shifting profits in line with tax incentives to over- or under-report profits in a jurisdiction. Recent studies typically include MNC fixed effects to address the summing-up constraint. As a result, these models largely satisfy the three conditions of a strong empirical model of income shifting defined above.

However, there are several well-known limitations of these models. First, the models require country- or affiliate-level data not present in *Compustat* due to a lack of reporting requirements for separate legal corporations (i.e., affiliates) in the US and other key countries, including most recognized tax havens.¹² Second, although there are available data sources with some country- or affiliate-level data (e.g., *Orbis*), these datasets have known limitations related to measurement error, misattribution, and observability (as discussed below). Third, consistent with the discussion above, these models take tangible assets and employment as exogenous, even though there is an endogeneity of these investment decisions to tax incentives.

A second group of models have been created to estimate income-shifting into and out of the US by US MNCs using *Compustat* data. These models were pioneered by Klassen, Lang, and Wolfson (1993) and Collins, Kemsley, and Lang (1998), as updated by Klassen and Laplante (2012a).¹³ The models take the approach of estimating pre-shifting profitability, generally expressed as a return on sales, using an MNC's total worldwide profitability. Including a tax

¹² Although there are income-shifting studies in the US state and local setting, they are relatively rare given the lack of separate affiliate reporting requirements in the US. An advantage of the US multi-state setting is the ability to leverage a large number of jurisdictional tax incentive levels and changes across relatively narrow geographic (e.g., state borders) areas in an attempt to hold economic conditions relatively constant.

¹³ Cordis and Kirby (2018) respecify the relations by regressing the foreign share of pretax income on the difference in domestic vs foreign ETR.

incentive variable, such as the difference between the US statutory rate and the average foreign effective tax rate of the MNC, captures deviations of pre-shifting profitability from reported profitability that is correlated with income-shifting incentives. Firm fixed effects can incorporate the summing up constraint. As a result, these models can meet our definition of a strong empirical model of income shifting.

These models can also separate the tax incentive variable into inbound versus outbound income-shifting incentives, typically measured by whether the MNC's foreign effective tax rate is less than or greater than the US statutory tax rate. In addition to industry and year fixed effects, more recent instances of the model include a broader set of control variables including firm size, R&D expense, advertising expense, intangible intensity, cash holdings, and total debt (Chow, Hoopes, and Maydew, 2023; Deng, 2020; Deng and Rane, 2024).

A key limitation of these models is that they only estimate US inbound/outbound shifting for U.S.-headquartered firms, not foreign-to-foreign shifting or for firms headquartered in other countries. Lacking detailed data on foreign locations, the models also assume a constant return across geographies in the absence of tax incentives, despite empirical evidence to the contrary.¹⁴

In more recent years, a set of alternative approaches to estimating income shifting by MNCs has emerged in the literature. The first approach identifies shifting by tracing a shock at the parent corporation to changes in income in low tax-rate affiliates, relative to high tax-rate affiliates using the assumption that additional parent income will be shifted to low tax rate affiliates only (Dharmapala and Reidel, 2013). Because this approach relies on estimating shocks to the parent, it does not consider inter-affiliate shifting and thus may produce a lower bound of income shifting activity; the estimates suggest that 1% to 4% of the parent's profitability shock is

¹⁴ Recent efforts by Dyreng, Hills, and Markle (2023) provide a potential improvement in this regard.

observed in the low tax affiliates, on average.

A second approach stems from the observation that there is a “bunching” of MNC affiliate-level profits near zero. Some researchers use such bunching near zero as an indicator of income shifting (e.g., Bilicka, 2019; Johannesen, Tørsløv, and Wier, 2020; Chen and Lehmer, 2021). Ideally, this approach correlates the bunching of profits near zero with the tax incentives faced by the MNC outside of the jurisdiction. Future work could also ideally incorporate the notion that an MNC with near-zero profits in a jurisdiction because of tax-motivated income shifting must be shifting profits out to other countries by examining where the profits are shifted to (i.e., the summing up constraint).

A third stream of research focuses on the misalignment of profits and “real” activity, such as tangible investment and employment, as a measure of the extent of income shifting (e.g., Clausing, 2020a; Cobham, Garcia-Bernardo, Janksy, and Palansky, 2021; Garcia-Bernardo and Jansky, 2024). These models are similar in motivation to those based on the Cobb-Douglas production function; however, they are quite different in execution, focusing instead on profit-to-asset and profit-to-employment ratios in high- versus low-tax jurisdictions. In doing so, these models deviate from the transfer pricing regulations, which typically do not attribute income to tangible investment and employment only, but also to risks and intangible assets. It is therefore questionable how much of the observed misalignment – which may very well constitute tax-motivated income shifting – could be characterized as non-compliance with the existing regulations, as these papers often suggest. We view the approach of using misalignment as the model for identifying income shifting as distinct from the stream of research that examines the impact of income-shifting or anti-avoidance regulations on the misalignment of profits and real activities (e.g., Schulte Sasse, Watrin, and Weiss, 2020; Fuest, Greil, Hugger, and Neumeier, 2022).

A fourth approach compares MNCs to purely domestic firms, assuming that differences in profitability are attributable to the income shifting activities of MNCs (e.g., Bilicka, 2019; Tørsløv, Weir, and Zucman, 2023). To be consistent with our main requirements of a strong income-shifting model, this approach should also correlate deviations of MNC profits from domestic profits with the tax incentives faced by MNCs outside of the jurisdiction. Further, as with the bunching approach, future research could also examine where MNC profits are shifted to. An obvious limitation of this approach is the extent to which domestic firms are a suitable benchmark for MNCs, as the two sets of firms diverge across several characteristics, including notably size.

A final approach focuses on prices rather than profits (e.g., Clausing, 2003; Cristea and Nguyen, 2016; Kohlhase and Wielhouwer, 2023). These studies use third-party prices as the “true” price in the absence of income-shifting incentives to compare with related-party prices for the same goods under similar economic conditions. This approach correlates deviations of related-party prices from third-party prices with tax rate differentials between the selling and buying countries. These studies typically use tight research designs to convincingly demonstrate tax-motivated transfer pricing. However, these studies are relatively rare given the data requirements for unit-level pricing by seller and buyer. They are further generally limited in their focus on tangible goods and their inability to quantify the magnitude of income shifted.

Other research designs use relatively parsimonious indicators of income shifting behavior, such as low effective tax rates, tax haven usage, or indicia of the use of complex tax structures like the Double Irish (e.g., Altshuler, Boller, Suarez Serrato, 2024). Although the simplicity of this approach is a strength, they do not meet the requirements of an income-shifting model discussed above. Further, a potential limitation is that many of these indicators may not necessarily proxy for tax-motivated income shifting.

4.2 Data

The income shifting literature has exploited access to macro and micro datasets. These different datasets have relative strengths and weaknesses, and also notably produce different estimates of tax semi-elasticities, or the responsiveness of profits to tax incentives. We provide a brief overview of these different data sources in light of a recent debate over the relative merits of macro versus micro-based estimation approaches (e.g., Heckemeyer and Overesch, 2017; Blouin and Robinson, 2023; Clausing, 2020b; Dyreng, Hills and Markle, 2023). Across both macro and micro datasets, the financial information is typically based on financial reporting rules rather than tax reporting rules. However, some researchers have been able to gain access to macro or micro datasets based on confidential tax return information.

Macro data aggregates the economic activity of MNCs at the country level. The Bureau of Economic Analysis (BEA) is one source of macro estimates of MNC activity by country.¹⁵ Aggregated country-by-country reports (CbCR) provided publicly by some tax authorities is another source. Aggregation limits the ability to study firm-level factors in income-shifting decisions. Aggregation, as opposed to consolidation which results from eliminating intercompany transactions, also potentially double counts economic activity. Blouin and Robinson (2023) highlight additional issues of double counting and misattribution of financial information inherent in the BEA and CbCR datasets that stem from the complex, tiered organizational structures of MNCs combined with the financial reporting rules on affiliates' investments in other affiliates. Blouin and Robinson (2023) suggest a correction for the BEA aggregated datasets, however the correction remains subject to some debate (Clausing, 2020b).

¹⁵ The BEA also offer micro datasets. The coverage of these micro datasets is unique in that datasets exist for the non-US activities of US MNCs and for the US activities of non-US MNCs.

Micro data is firm-level or affiliate-level data. Some income shifting models discussed above focus primarily on income shifting into and out of the US and can use *Compustat* firm-level data. Of the empirical income-shifting models discussed above, our preferred approach is based on Hines and Rice (1994) as augmented by Huizinga and Laeven (2008) as this approach meets our definition of a strong empirical income-shifting model and can be used to evaluate income shifting between any affiliate within the multinational group. This approach increasingly has been used with firm-level data, particularly from Bureau van Dijk's Orbis and Amadeus databases (now Moody's Orbis and Orbis Europe). These datasets provide separate-entity financial information of public, private, domestic and multinational firms. However, these datasets suffer from two known issues. First, because the Orbis datasets rely on public disclosure of separate entity financials, they are only as good as the disclosure rules across countries, which vary based on the size and type of entity. Notably, there is no separate entity disclosure rule in the US and MNCs appear to structure their operations to circumvent reporting requirements predominantly in tax-favorable jurisdictions like tax havens (Tørsløv, Weir and Zucman, 2023). Second, affiliates of MNCs higher up in the ownership hierarchy likely face similar double counting and misattribution issues as aggregated datasets.

Several studies point out differences in estimated tax semi-elasticities, or the extent to which reported profits respond to tax incentives, across macro versus micro estimates (e.g., Heckemeyer and Overesch, 2017; Dharmapala, 2020). Notably, macro-based estimated tax semi-elasticities are typically larger than those that are micro-based. Explanations for such differences range from double counting and misattribution in macro data (Blouin and Robinson, 2023), to a greater ability of micro-data to capture tax avoidance as opposed to MNCs' behavioral responses to taxation (Heckemeyer and Overesch, 2017; Dharmapala, 2020), to nonlinearities in the tax semi-elasticities of profits (e.g., Dowd, Landefeld, and Moore, 2017; Fuest, Greil, Hugger, and

Neumeier, 2022; Delis, Delis, Laeven, and Ongena, 2024; Garcia-Bernardo and Janksy, 2024). Clearly, more research is needed to reconcile conflicting estimates and correct measurement error in the data.

4.3 Income Shifting Mechanisms

In this section we focus on the development of our understanding of income shifting mechanisms. We consider a paper to explore mechanisms if it addresses decisions made within the firm that either generate or facilitate cross-jurisdictional tax planning. In the next section, we consider income shifting determinants, which we consider to be factors influencing income shifting behavior but are not mechanisms as we define them (i.e., are not a decision made by management that directly results in income shifting). The early income-shifting literature set about to document that MNCs shift a statistically and economically meaningful amount of income across jurisdictions in response to tax incentives (e.g., Klassen, Lang, and Wolfson, 1993; Harris, 1993; Hines and Rice, 1994; and Klassen and Shackelford, 1998 at the subnational level). Numerous studies have affirmed the sensitivities of profits to tax incentives over time, comparing domestic- to foreign-controlled corporations (Oyelere and Emmanuel, 1998) and by using statutory tax rates, effective tax rates, (e.g., Cordis and Kirby, 2018), and temporary tax provisions (Lester, 2019).

Others have worked to improve estimates of income shifting by considering and extracting confounding constructs. Markle, Mills and Williams (2020) document that implicit corporate taxes and income shifting have opposing effects on reported pretax returns and explore settings in which implicit taxes bias income-shifting estimates. Lampenius, Shevlin and Stenzel (2021) empirically separate tax rate responses from tax base responses to improve identification of the underlying mechanism of tax planning.

In the process of validating or extending their research, authors often document high levels of sophistication on the part of tax planners. For example, Klassen and Shackelford (1998) show that state-level throwback rules – which retain out-of-state sales if the firm does not have nexus in the selling state – alters the response to state tax rate incentives in predictable and measurable ways. Beuselinck and Pierk (2024) find that firms will shift strategies between global income shifting and local tax planning depending on changing costs of income shifting, consistent with expectations from an equilibrium that maximizes after tax profits.

Documenting these relations between segment or country earnings and tax incentives naturally lead scholars to explore specific mechanisms used by multinationals to achieve the desired post-tax value maximizing outcomes.

4.3.1 INTERCOMPANY TRANSACTION PRICING OF TANGIBLE GOODS

Early studies focused on intercompany transactions as a key mechanism for achieving income shifting. In this section we explore findings on intercompany transactions that require arm's length prices for cross-border sales of tangible goods. In the subsequent section we explore transactions involving services, intangibles generating royalties, and intercompany debt for which the arms' length standard is more difficult to apply in practice.

Jacob (1996) and Olibe and Rezaee (2008), provide evidence that decisions around transfer pricing are associated with shifting income by exploring the volume of intercompany sales, with further evidence provided by Conover and Nichols (2000) and Viertola (2024). More recently, Drake, Goldmans and Murphy (2022) show that foreign employment levels can facilitate greater tax planning through transfer pricing activities. Lee and Yoo (2023) find firms adjust their intercompany transfer prices in the face of expected losses. Diving more deeply into the actual mechanisms used in transfer pricing, De Simone (2016) shows that changing

accounting standards also changes the set of comparables available to multinationals in benchmarking their intercompany transfer prices.

Another approach to intercompany transactions is internal allocations. Petroni and Shackelford (1999) use the detailed disclosure of US property-casualty insurers to provide strong evidence of allocating premiums across states to optimize state taxes. Similarly, Beatty and Harris (2001) find evidence of security gains allocations across state banking affiliates. Hall and Lusch (2018) also demonstrate strategic tax-motivated allocation of costs across states within banks. Gupta and Mills (2002) provide broader evidence state tax planning. Kelley, Lewellen, Lynch and Samuel (2024) examine reclassifications of intercompany payments to COGS to avoid Base Erosion Anti-Abuse Taxes following the Tax Cuts and Jobs Act.

Several papers extend the extant findings by focusing on improving the data that underly the estimates. In particular, Langli and Saudagaran (2004) use an extensive sample of Norwegian corporation-level data to explore the average differences across estimated taxable income to sales for domestic- versus foreign-controlled corporations. De Simone, Mills and Stomberg (2019) use IRS data to more strongly identify details of outbound payments by US multinationals.

4.3.2 INTERCOMPANY TRANSACTION PRICING OF INTANGIBLE ASSETS

Collins and Shackelford (1997) provide early evidence on the use of intercompany transactions to achieve tax reductions by focusing on dividend and royalty payments. Subsequent research has explored the role of intellectual property directly. Amberger and Osswald (2021) focus on how patent concentration is used to facilitate income shifting. Supporting evidence is also provided by Fuest, Greil, Hugger and Neumeier (2022) using detailed private country-by-country reporting data, De Simone, Klassen, and Valle Ruiz (2025) using location of patenting activity, and De Simone, Grant, Richter and Stomberg (2026) using publicly-available royalty rate disclosures.

A common mechanism discussed in the literature is the use of low tax rate countries (often referred to as tax havens) to facilitate corporate tax reduction. While often not explicitly tested, the use of intellectual property and other intangible assets is often a key element of shifting income to low tax-rate countries in which little physical assets or employees are located. Many studies have demonstrated the income shifting effects of using tax havens (Dyreng and Lindsay, 2009; Dyreng, Hanlon and Maydew, 2019; Law and Mills, 2022). Kim, Lin, Mao and Wang (2023) focus on the involvement of banking intermediaries and show that consolidation within the banking industry leads to greater tax haven use by their clients. Chen, Harris, Shi, and Zhou (2024) examine how e-commerce reduces transaction costs associated with shifting income into smaller, so-called “dot” havens.

Law and Mills (2022) extend prior work by improving the measures of tax haven use by employing textual analysis of the annual report, creating an activity based measure of haven activity rather than measures of haven affiliates’ existence, etc. Deng and Rane (2024) also extend the prior work by showing that shifting is facilitated by service versus product industry membership and that the characteristics of tax havens are important.

4.3.3 INTERNAL CAPITAL STRUCTURE, DEBT LOCATION AND MANAGERS’ INCENTIVES

Beyond the strategic pricing and location around assets, internal capital choices are another common mechanism to achieve income shifting. Newberry and Dhaliwal (2001) and Mills and Newberry (2004) provide evidence by, respectively, demonstrating that tax attributes affect foreign versus domestic debt issuance and showing increased debt placement in the U.S. by foreign multinationals with lower tax rates in their home countries.

Chen and Gupta (2011) tie this stream of literature with that on intangible assets by demonstrating a predictable trade-off between dividends and transfer pricing based on the imputation credits implemented by Taiwan. More recent work has included hybrid structures,

such as the Double Irish Dutch Sandwich, that exploit mismatches across countries' rules (e.g., Samarkoon, 2023; Grant, 2024; Altshuler, Boller, Suarez and Serrato, 2024).

Richardson and Taylor (2015) develop and test predictions that thin capitalization and tax-driven financing structures are linked to tax haven utilization. Taking a related but different perspective, Murphy (2023) shows that US corporations foreign holding companies are used to more efficiently move capital and reduce overall taxation in non-US jurisdictions.

A related decision made by firms around equity-based compensation can also be used directly and indirectly in income shifting activities. For example, Kim (2023) show that stock-based compensation can be used directly in income shifting using the allocation of expenses across jurisdictions. Focusing on a more indirect path, Mayberry, McGuire and Rane (2023) show that the delta of executives' equity-based compensation is positively associated with income shifting activities. Thus, firms use these plans to ensure that their objectives with are achieved either directly or by incentivizing the management team.

4.4 Income Shifting Determinants

In this section we focus on the body of work examining determinants of income shifting. We consider determinants to be features of the firm, regulatory environment, countries, etc. that cause differences in the aggressiveness of income shifting across countries, regulations, firms, and over time, among other things. The determinants literature is deep, encompassing nearly 100 of the papers we classified as income shifting.

4.4.1 FIRM CHARACTERISTICS

Starting with features of firms, perhaps the most commonly cited determinant is the existence of intellectual property. As discussed above, firms can choose to strategically develop, locate, and price IP, such that IP is also in some instances a mechanism of income shifting. In the

determinants literature, IP is considered a feature of the firm that facilitates income shifting. A number of studies find an association between the existence of IP within the firm and more aggressive income shifting (e.g., Shevlin, Tang and Wilson, 2012; Taylor, Richardson, and Lanis, 2015; Belz, von Hagen, Steffens, 2017; De Simone, Huang, and Krull, 2020). Other studies compare and contrast different types of IP, finding for example that patents facilitate income shifting more so than R&D (Cheng, Guo, Weng, and Wu, 2021), but trademarks facilitate income shifting more so than patents (De Simone, Valle Ruiz, and Voget, 2025).

Similarly to IP, we consider tax havens a determinant of income shifting as well as a mechanism, as discussed above. Conditional on the choice to operate in tax havens, tax haven usage is associated with tax incentives and income shifting (Taylor and Richardson, 2012; Markle and Shackelford, 2014; Taylor, Richardson, and Taplin, 2015). Li, Lusch, and Murphy (2024) extend this work by providing a more granular analysis of role of a single tax haven: Luxembourg. Chow, Hoopes, and Maydew (2023) examine the role of foreign tax holidays, effectively creating short term tax havens for firms to shift income into.

Another stream of research focuses on the cost structure of the firm, finding that firms with more flexible cost structures engage in more tax-motivated income shifting (McGuire, Rane, and Weaver, 2018) as well as firms engaging in e-commerce (Klassen, Laplante, and Carnaghan, 2014). On the flip side, Dyreng and Markle (2016) find that firms facing financial constraints shift less income using a novel estimation strategy, though Chen, Ma, Teng, and Wu (2022) reach the opposite conclusion when examining shocks to firms' financial constraints in China and ETRs.

Other work focuses on how decisions are made within the firm. Klassen, Lisowsky, and Mescall (2017) survey executives to open the black box of income shifting decision-making, finding support for features of the firm like governance structure influencing income shifting.

Indeed, firms with close relationships such as keiretsu and chaebol firms, appear to leverage their relationships with one another to shift income in response to tax incentives (Gramlich, Limpaphayom, and Rhee, 2004; Jung, Kim, and Kim, 2009). Relatedly, common directors and officers between parents and subsidiaries (Wang, Xu, Zhang and Zheng, 2022) or common auditors (Blaylock, Doyle, and Elemen, 2024) facilitate income shifting, in part through information sharing. Further, firms with higher quality internal information environments shift more income (McGuire, Rane, and Weaver, 2018; Laplante, Lynch, and Vernon, 2021).

Incentives aside from corporate income taxes influence multinational income shifting. Blouin, Robinson, and Seidman (2019) examine conflicting incentives of corporate income versus customs taxes and duties, finding that firms with greater coordination across affiliates better navigate these tradeoffs. Deng (2020) finds that firms trade off corporate tax incentives with foreign exchange risk. Beuselinck and Deloof (2014) examine tradeoffs between tax incentives and financial reporting incentives, though Klassen and Laplante (2012b) show that financial reporting incentives in the US at the time of their study aligned with tax incentives to shift income out of the US.

The existence of losses in some affiliates of a multinational group changes incentives regarding which affiliates should be recipients of shifted income, altering income shifting behavior (De Simone, Klassen, and Seidman, 2017; Hopland, Lisowsky, Mardan, and Schindler, 2018). Other work finds that organizational form choices influence income shifting (Petroni and Shackelford, 1995), and conversely that income shifting incentives influence the organizational form of firms including the use of passthrough entities (Chung and Choi, 2022; Amberger and Kohlhase, 2023) and restructurings like inversions (Reyes-Peña, Upadhyay, Kumaraswamy, 2023).

4.4.2 REGULATIONS, ENFORCEMENT, AND TRANSPARENCY

Corporate income tax regulations can create incentives for income shifting. Beyond just differences in rates, other features of corporate tax systems across countries can systematically impact income shifting incentives. For example, studies show that firms headquartered in countries subject to territorial instead of worldwide tax systems engage in more income shifting (Markle, 2016; Kohlhase and Pierk, 2020). Overesch, Strueder, and Wamser (2020) and Gschossman and Pfrang (2024) complement this work, also demonstrating the role of CFC rules in income shifting. More broadly, Klassen and Laplante (2012a) associate income shifting with regulatory costs over time. Other studies focus on the implementation of transfer pricing rules (e.g., Laudage, Teles, Riedel, and Strohmaier, 2023).

In recent years, there has been a rise in regulations aimed at deterring aggressive tax planning, particularly regulations that increase tax transparency. A majority of studies find reduced income shifting following enactment of increased tax transparency regulations (Li and Ma, 2022; Edwards, Hutchens, and Persson, 2024; Overesch and Wolff, 2021; Joshi, Outslay, and Persson, 2020; Hugger, 2020). However, some regulations that increase transparency do not seem to have led to measurable change, such as CbCR reporting (Joshi, 2020; Nessa, Persson, Song, Towery, and Vernon, 2025; and Adams, 2025). Further, there is some evidence that firms substitute tax avoidance strategies or income shifting mechanisms in response to increased transparency (He, Sun, and Zhang, 2024).

Many regulations in the past 15 years do not rely on transparency. Grant (2024) and Samarkoon (2023), for example, find an increase in inbound income shifting in the United States following the closure of the Double Irish structure in Ireland. Existing regulations can also experience enforcement shocks. Chang, Hsiao, and Tsai (2013) find evidence of decreased income shifting to tax havens following stricter transfer pricing audit guidance. Greater

coordination across countries also effectively increases enforcement (Yu, Hsieh, and Tsang, 2024), particularly via information sharing (Chow, Maydew and She, 2023).

Non-tax regulations also interact with tax regulations when creating income shifting incentives. Hepfer, Wilde, and Wilson (2020) examine the interaction of tax and non-tax regulations in the shadow insurance industry, finding that foreign-owned firms benefit from the interaction while U.S.-owned firms' income shifting is inhibited by the interaction. Demere, Gramlich, and Nam (2024) examine shocks to the enforcement of the existing Foreign Corrupt Practices Act (FCPA), finding increases in income shifting among firms exposed to FCPA enforcement actions.

4.4.3 COUNTRIES

Chen, Lu, and Shan (2020) find different trends in income shifting across countries and over time. Countries differ in how often they change their tax regulations, creating tax uncertainty that can mitigate income shifting incentives (Delis, Hasan, and Karavitis, 2020). Countries can also differ in the extent to which they enforce regulations, leading to differences in income shifting across firms (Beuselinck, Deloof, and Vanstraelen, 2015).

Finally, countries' other tax policies may also interact with the incentives to engage in income shifting. For example, Amiram, Bauer and Frank (2019) show that the country's structure of dividend taxation can influence corporate tax planning, including income shifting.

4.5 Consequences of Income Shifting

A very interesting and emerging set of papers explores the consequences of multinational income shifting. Organizing these consequences of income shifting by who is affected, the first sections explore the consequences that arise from other firm decisions. The focus of this stream of the literature is investment choices, though some disclosure choices have also been studied.

The second section explores the capital market consequences of aggressive income shifting.

4.5.1 INVESTMENT DECISIONS

Scholars have explored a variety of internal investment decisions that result from income shifting. The former U.S. worldwide tax system was shown to incentivize multinationals to retain cash and other assets offshore. Following from the work of Foley et al. (2007) that documents this incentive, Faulkender, Hankins and Petersen (2019) show that firms with more intellectual property and low tax-rate jurisdictions hold unusually large amounts of cash in their foreign subsidiaries. Recently, Alghamdi, Eulaiwi, Hussein, Duong and Taylor (2024) provide related evidence by linking cash policy to transfer pricing policies and offshore financial center presence.

Li, Ma and Shevlin (2021) explore the relation between innovative activities and state-level income shifting. Using a sample of states that introduced allocation rules that prevented income shifting through intangibles, the authors show that patenting activity declined significantly following the adoption of this rule. The authors conclude that innovation was reduced in total for affected firms. The relation between income shifting and benefits to the recipient jurisdiction is also found in the cross-country study of Adams, Joshi and Markle (2025).

Moving beyond these specific choices, De Simone, Klassen and Seidman (2022) and De Simone and Olbert (2022) both suggest that the desire to report income in low tax rate countries can drive the investment in physical property and employment. De Simone, Klassen and Seidman (2022) show that more aggressive income shifting firms have a weaker association between local investment and local investment incentives. De Simone and Olbert show that the mandatory reporting of CbCR causes firms to reallocate their capital and labor, rather than report their income in higher tax-rate jurisdictions. Joshi, Markle and Robinson (2023) provides corroborating evidence.

These studies are suggestive that income shifting is a factor in the location of physical factors of production. This finding raises the question of the simultaneity of production location decisions with income location decisions, as discussed in, for example Lester and Olbert (2025), Dyreng, Hills and Markle (2025) and others. Bilicka, Deveraux and Gueceri (2023) develop a models to demonstrate the policy trade-off between attracting investment and preventing income shifting.

Operating in the international tax environment, corporations seek to maximize their after-tax profits by undertaking a variety of operating, financing and reporting decisions considering both tax and nontax costs (Scholes et al., 1992). In the context of the literature identified in Section 2, tax planning and investment decisions (a term we view as synonymous with operational decisions) are two significant areas within the broader literature on international tax. Lester and Olbert (2025) among others, note that these two decisions could be made simultaneously or sequentially (e.g., the tests of De Simone et al., 2022 strongly suggest that multinationals that are observed with traditional income shifting models are more responsive to tax motivation in their investment decisions). In general, the incentives interact.¹⁶

Does this joint decision mean that income shifting tests should incorporate this potential endogeneity? Our view is that the answer depends on the research question. If the research question is the total effect on, for example, tax revenues from a change in tax regulations, then the endogeneity is important to explicitly model. If the research question focuses on income shifting given the location of investment decisions, then the design would not require the modeling of the endogeneity. In any situation, care in the implications drawn from the findings is

¹⁶ See also a recent theory paper by Bares, et al. (2025) that models simultaneously continuous income shifting, continuous investment size and discrete investment location decisions. Their objective is to assess the impact of a global minimum tax on these three inter-connected decisions and the new tax regime does affect all three.

needed to not step beyond the partial equilibrium that is being tested (i.e., explicitly considering the *ceteris paribus* conditions being assumed by the design).

4.5.2 OTHER FIRM DECISIONS

Disclosure choices also are affected by income shifting aggressiveness. Both Hope, Ma and Thomas (2013) and Akamah, Hope and Thomas (2018) provide evidence that is consistent with firms' desire to obscure their income shifting by increasing the aggregation of geographic earnings disclosures in the companies' financial reports. Tang (2024) provides related evidence by showing that the relation between aggregate reported earnings and future GDP growth is reduced in the presence of income shifting.

Other papers also explore internal decisions. In contrast to the firms who respond by trying to make their income shifting activities less obvious to external parties, Col and Patel (2019) demonstrate that firms engaging aggressively in the use of tax havens subsequently increase their investment in corporate sustainability activities. The authors note that this behavior is consistent with the aggressive tax planning creating reputational risk to which the firms mitigate through "good" corporate behaviors.

Finally, other internal distortions result from shifting profits. Klassen and Valle Ruiz (2023) demonstrate that because affiliate performance assessment is often tied to reported earnings, exogenous changes in income shifting triggers affiliates to offset reduction in reported income with income-increasing discretionary accruals. Similarly, Glenn, Lee, McGuire and Robinson (2024) show that the allocation of purchase prices in an M&A transaction anticipate the desires for favorable transfer pricing activities post-acquisition.

4.5.3 EFFECTS IN THE CAPITAL MARKETS

While the cash-flow benefits of aggressive income shifting are clear, research has explored the potential negative capital market consequences of this behavior. For example,

Collins, Kemsley, Lang (1998) provide evidence that the market assesses the value of domestic versus foreign earnings differentially based on income shifting behavior. However, their evidence also suggests that markets do not seem to fully adjust (a result supported in Shane and Stock, 2006). In contrast, Chen and Lehmer (2021) document that U.S. multinationals that shift income aggressively to report near-zero domestic earnings have their earnings valued more highly.

Income shifting has also been shown to increase risk associated with tax outcomes. For example, Dyreng, Hanlon and Maydew (2019) and Chow, Hoopes and Maydew (2023) both demonstrate that greater income shifting is associated with higher levels of tax uncertainty. Chen, Hepfer, Quinn and Wilson (2018) find that aggressive income shifting is related to greater information asymmetry and trading frictions.

There is also a positive relation between income shifting and measures of market risk, including implied cost of capital and stock market crash risk, particularly in combination with poor governance (Taylor, Richardson, Al-Hadi and Obaydin, 2018; Richardson, Taylor, Obaydin and Hasan, 2021; Richardson, Taylor and Hasan, 2024; and Chen, Jiang, Wang and Zhang, 2025). Sikes and Verrecchia (2025) expand the scope of this effect to demonstrate that aggressive tax planning across the economy raises firms' cost of capital in aggregate.

5. What We Don't Know: Areas for Future Research

Although the extant literature on tax-motivated income shifting is large, the literature has proceeded with assumptions to make the empirical estimations possible. As better data have become available, empirical models have been improved. However, there continue to be maintained assumptions that deserve further explicit consideration. Some of these assumptions relate to the development of the empirical models. Others of these assumptions relate to the

companies in the sample, making the implicit assumption that the results generalize to a broader population. Finally, there are long-standing gaps in the literature that deserve to be highlighted in the hopes that future researchers will fill these holes.

5.1 Challenging Assumptions

Many studies appear to conclude that because they find evidence consistent with income shifting in a large sample of firms, all multinationals shift income. Other income-shifting studies focus almost exclusively on just the largest, profitable, usually US-based MNCs. Both approaches gloss over the vast heterogeneity in income shifting decisions made by firms. In this section, we aim to turn researchers' attention to this issue. In particular, notwithstanding the large literature on determinants of income shifting discussed above, we do not know a lot about why some firms shift more aggressively than others, given the same opportunities. Even within MNCs, not all affiliates are as engaged in income shifting as others (such that the coefficient on the affiliates' tax incentives will differ even within MNCs in systematic ways). These are areas for opening up the "black box" of income shifting: examining across- and within-MNC heterogeneity in shifting. Both survey evidence (e.g., Klassen, Lisowsky, and Mescall, 2017; Bustos, Pomeranz, Suarez Serrato, Vila-Belda, Zucman, 2023) and empirical evidence suggest such heterogeneity exists (e.g., Coles, Patel, Seegert, Smith, 2022; Delis, Delis, Karavitis, and Klassen, 2023; Adams, 2025; Dyreng, Hills, and Markle, 2023). It follows that not all MNCs shift all of their profits in high-tax countries down to zero. Although large MNCs have more profits to shift and so may represent a larger share of income shifting, whether a study should focus exclusively on these large MNCs depends on the research question.

A second maintained assumption in some work to date is that MNCs only shift their income to tax havens, causing much of the literature to give a disproportionate amount of attention to tax havens. In contrast, a large number of studies are limited due to data availability

to focus on samples of countries generally not considered tax havens, finding substantial evidence of income shifting among these non-haven countries. Other studies examine income-shifting strategies that are not dependent on differential tax rates faced by the affiliates of an MNC (e.g., De Simone, Klassen, and Seidman, 2017; Hopland, Lisowsky, Mardan and Schindler, 2018). Again, whether a study should focus exclusively on tax havens depends on the research question.

A third important assumption is the exogeneity of operational decisions in income shifting decisions (also noted by Lester and Olbert, 2024). Consistent with the hierarchy of tax planning of Slemrod (1992), the empirical models described above assume the distribution of pre-shifted earnings across countries or affiliates is set first, at least in the short run. Then, the MNC layers on top the tax-motivated income shifting. That is, the empirical models assume that the locations of assets, payroll, sales, etc. is exogenous to the current year's income shifting decisions (or the relevant time period of the research design—a potentially important issue). This assumption deserves further exploration, both analytically and empirically.

A fourth assumption in most models is that the costs of income shifting are variable. However, recent work explores the role of a fixed cost component (Bilicka, Devereux and Gueceri, 2023). It would be interesting, and potentially important, to better understand to what extent there is a fixed cost of income shifting, as well as whether the fixed cost is at the MNC-level, the affiliate-level, or both. For example, fixed costs may be a partial explanation for cross-sectional differences in the aggressiveness of income shifting.

5.2 Understudied Areas

We plan to highlight understudied areas of MNC corporate income shifting. For example, we plan to discuss the need for further research on how income-shifting decisions are made within the firm. Some prior work has leveraged qualitative research methods like surveys and

semi-structured interviews to significantly expand our understanding of how decisions are made within the firm (e.g., Klassen, Lisowsky, and Mescall, 2017; Baersch, Heckemeyer, and Olbert, 2023; Bustos, Pomeranz, Suarez Serrato, Vila-Belda, and Zucman, 2023). However, these questions can also be answered using standard empirical models. For example, Kohlhase and Wielhouwer (2023) use pricing data on a single firm to empirically examine which departments within the firm respond to different tax incentives when marking up prices of goods for sale to related and unrelated parties. More improved examinations of how decisions are made within the firm should also bring to light important heterogeneities across firms that could be leveraged to generate more nuanced insights into the income-shifting behavior across a broad sample of firms.

Other understudied areas of income shifting will undoubtedly emerge through the course of this review. For example, developing economies, private firms, and smaller firms have received far less attention to date. Despite some notable work in these areas (e.g., Koivisto, Musoke, Nakyambadde and Schimanski, 2021; Johannesen, Tørsløv, and Wier, 2020; Beuselinck, Deloof, and Vanstraelen, 2015; Adams, 2025; Coles, Patel, Seegert, and Smith, 2022), more is needed to better understand the role of multinational income shifting globally.

6. Conclusion

As we enter the fourth decade of accounting research exploring the tax-motivated income shifting of multinational corporations, this review pauses to summarize the extant literature. Within the accounting profession's important function as tax planners for multinational corporations, we focus specifically on the literature devoted to income shifting decisions because this literature continues to grow, and there is yet much to be learned.

Our review elucidates the techniques used within the empirical literature that uses archival data and the questions that have been explored. Such a summary should aid future research in identifying interesting extensions to extant knowledge, and also to design research

methods appropriate to those questions. Furthermore, our review identifies possibilities for future research. The extant research leaves several gaps in knowledge that result from either understudied areas, or from assumptions that have become standard in the extant research. We hope this review will stimulate researchers to address these opportunities.

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- Yu, M; Hsieh, CC; Tsang, A. 2024. Cross-border regulatory cooperation and corporate tax avoidance. *Journal of Corporate Accounting and Finance*

Appendix 1: Typical Papers within each Research Area

Topic %	Cited	Cite	Article
<i>Tax Planning</i>			
0.86	308	KLW	Balakrishnan, K; Blouin, JL; Guay, WR., 2019. Tax Aggressiveness and Corporate Transparency. <i>Accounting Review</i>
0.92	96	CKL	Callen, JL; Hope, OK; Segal, D., 2005. Domestic and foreign earnings, stock return variability, and the impact of investor sophistication. <i>Journal of Accounting Research</i>
0.93	44	CKL, KL	Chen, CW; Hepfer, BF; Quinn, PJ; Wilson, RJ., 2018. The effect of tax-motivated income shifting on information asymmetry. <i>Review of Accounting Studies</i>
0.88	149	KL	Dyreng, SD; Hanlon, M; Maydew, EL., 2019. When Does Tax Avoidance Result in Tax Uncertainty? <i>Accounting Review</i>
0.93	65	KL	Edwards, A; Kravet, T; Wilson, R., 2016. Trapped Cash and the Profitability of Foreign Acquisitions. <i>Contemporary Accounting Research</i>
0.87	205	KLW, H, HR, CKL	Hope, OK; Ma, M; Thomas, WB., 2013. Tax avoidance and geographic earnings disclosure. <i>Journal of Accounting and Economics</i>
0.78	189	KLW, H, CKL	Klassen, KJ; Laplante, SK., 2012. Are US Multinational Corporations Becoming More Aggressive Income Shifters?. <i>Journal of Accounting Research</i>
0.87	60	CKL	Klassen, KJ; Laplante, SK., 2012. The Effect of Foreign Reinvestment and Financial Reporting Incentives on Cross-Jurisdictional Income Shifting. <i>Contemporary Accounting Research</i>
0.95	127	KLW, H, CKL	Krull, LK., 2004. Permanently reinvested foreign earnings, taxes, and earnings management. <i>Accounting Review</i>
0.91	603	H	Rego, SO., 2003. Tax-avoidance activities of US multinational corporations. <i>Contemporary Accounting Research</i>
<i>Tax Policy</i>			
0.92	110	HL	Buettner T.; Overesch M.; Schreiber U.; Wamser G., 2012. The impact of thin-capitalization rules on the capital structure of multinational firms. <i>Journal of Public Economics</i>
0.90	108	HR	Clausing K.A., 2009. Multinational firm tax avoidance and tax policy. <i>National Tax Journal</i>
0.92	125	KLW, HR, CKL	Desai, MA; Foley, CF; Hines, JR., 2004. Foreign direct investment in a world of multiple taxes. <i>Journal of Public Economics</i>
0.91	79	HR	Desai, WA; Hines, JR., 2003. Evaluating international tax reform. <i>National Tax Journal</i>
0.92	410	HR	Devereux, MP; Lockwood, B; Redoano, M., 2008. Do countries compete over corporate tax rates?. <i>Journal of Public Economics</i>

Topic %	Cited	Cite	Article
0.90	147	HR	Grubert, H; Slemrod, J., 1998. The effect of taxes on investment and income shifting to Puerto Rico. <i>Review of Economics and Statistics</i>
0.96	182	H, HR	Grubert, H., 2003. Intangible income, intercompany transactions, income shifting, and the choice of location. <i>National Tax Journal</i>
0.90	307	KLW, HR, CKL	Hines J.R., Jr., 1999. Lessons from Behavioral Responses to International Taxation. <i>National Tax Journal</i>
0.90	138	HR	Hong, Q; Smart, M., 2010. In praise of tax havens: International tax planning and foreign direct investment. <i>European Economic Review</i>
0.91	348	HR	Huizinga, H; Laeven, L., 2008. International profit shifting within multinationals: A multi-country perspective. <i>Journal of Public Economics</i>
<i>Investment</i>			
0.82	683	HL	Berger, AN; Klapper, LF; Turk-Ariss, R., 2009. Bank Competition and Financial Stability. <i>Journal of Financial Services Research</i>
0.86	45	HR	Brada, JC; Drabek, Z; Perez, MF., 2012. The Effect of Home-country and Host-country Corruption on Foreign Direct Investment. <i>Review of Development Economics</i>
0.81	77	HR	Coppola, A; Maggiori, M; Neiman, B; Schreger, J., 2021. Redrawing the Map of Global Capital Flows: The Role of Cross-Border Financing and Tax Havens. <i>Quarterly Journal of Economics</i>
0.90	114	HR	Demirhan, E; Masca, M., 2008. Determinants of foreign direct investment flows to developing countries: A cross-sectional analysis. <i>Prague Economic Papers</i>
0.49	135	HR	Dharmapala, D., 2008. What problems and opportunities are created by tax havens?. <i>Oxford Review of Economic Policy</i>
0.78	184	HR	Johannesen, N; Zucman, G., 2014. The End of Bank Secrecy? An Evaluation of the G20 Tax Haven Crackdown. <i>American Economic Policy-Economic Policy</i>
0.78	270	HR	Julio, B; Yook, Y., 2016. Policy uncertainty, irreversibility, and cross-border flows of capital. <i>Journal of International Economics</i>
0.79	100	HR	Kok, R; Ersoy, BA., 2009. Analyses of FDI determinants in developing countries. <i>International Journal of Social Economics</i>
0.84	83	HR	Rose, AK; Spiegel, MM., 2007. Offshore financial centres: Parasites or symbionts. <i>Economic Journal</i>
0.90	63	HR	Tintin, C., 2013. The determinants of foreign direct investment inflows in the Central and Eastern European Countries: The importance of institutions. <i>Communist and Post-Communist Studies</i>

Topic %	Cited	Cite	Article
<i>International Business</i>			
0.85	51	KLW, H	Cools, M; Emmanuel, C; Jorissen, A., 2008. Management control in the transfer pricing tax compliant multinational enterprise. <i>Accounting Organizations and Society</i>
0.74	45	HR, HL	Finér, L; Ylönen, M., 2017. Tax-driven wealth chains: A multiple case study of tax avoidance in the Finnish mining sector. <i>Critical Perspectives on Accounting</i>
0.87	78	HR	Otusanya O.J., 2011. The role of multinational companies in tax evasion and tax avoidance: The case of Nigeria. <i>Critical Perspectives on Accounting</i>
0.71	94	HR	Palan, R., 1998. Trying to have your cake and eating it: How and why the state system has created offshore. <i>International Studies Quarterly</i>
0.68	188	HR	Palan, R., 2002. Tax havens and the commercialization of state sovereignty. <i>International Organization</i>
0.89	84	HR	Preuss, L., 2010. Tax avoidance and corporate social responsibility: you can't do both, or can you? <i>Corporate Governance-The International Journal of Business in Society</i>
0.83	55	HR	Preuss, L., 2012. Responsibility in Paradise? The Adoption of CSR Tools by Companies Domiciled in Tax Havens. <i>Journal of Business Ethics</i>
0.89	40	KLW, H, HR	Rossing, CP., 2013. Tax strategy control: The case of transfer pricing tax risk management. <i>Management Accounting Research</i>
0.74	209	KLW, HR	Sikka P.; Willmott H., 2010. The dark side of transfer pricing: Its role in tax avoidance and wealth retentiveness. <i>Critical Perspectives on Accounting</i>
0.92	81	HL	Ylönen M.; Laine M., 2015. For logistical reasons only? A case study of tax planning and corporate social responsibility reporting. <i>Critical Perspectives on Accounting</i>

Notes: This table provides a listing of papers classified in each of the research areas, selected based on high match with the topic and high citation count. The columns are Topic%, the percentage score of the paper as a match of the topic; Cited, the number of citations the paper has received; Cite, which of the six seminal papers are cited by the paper using acronyms KLW for Klassen, Lang, Wolfson (1993), H for Harris (1993), HR for Hines and Rice (1994), CKL for Collins, Kemsley and Lang (1998), HL for Huizinga and Laeven (2008), KL for Klassen and Laplante (2012a).

Appendix 2: GPT-5 Implementation to Extract Income Shifting Papers

Prompt:

You are an experienced and meticulous tax policy academic with expertise in international taxation, corporate behavior, and income shifting. Given the title and abstract of an academic paper, perform the following two tasks:

1) Assess Relevance to Income Shifting – defined as the strategic relocation of income across entities or jurisdictions to reduce tax liability: Determine whether the paper is about income shifting. Output 1 if the paper is about income shifting, 0 if it is not.

2) Synthesize Key Findings: Distill the key findings into a concise statement of approximately 10 words, summarizing the paper’s main insight.

Output your results in a bracketed list delimited by "|" in the following format:

[0|10 word main insight]

Title: {title}

Abstract: {abstract}

Figure 1: Structured Literature Review Process

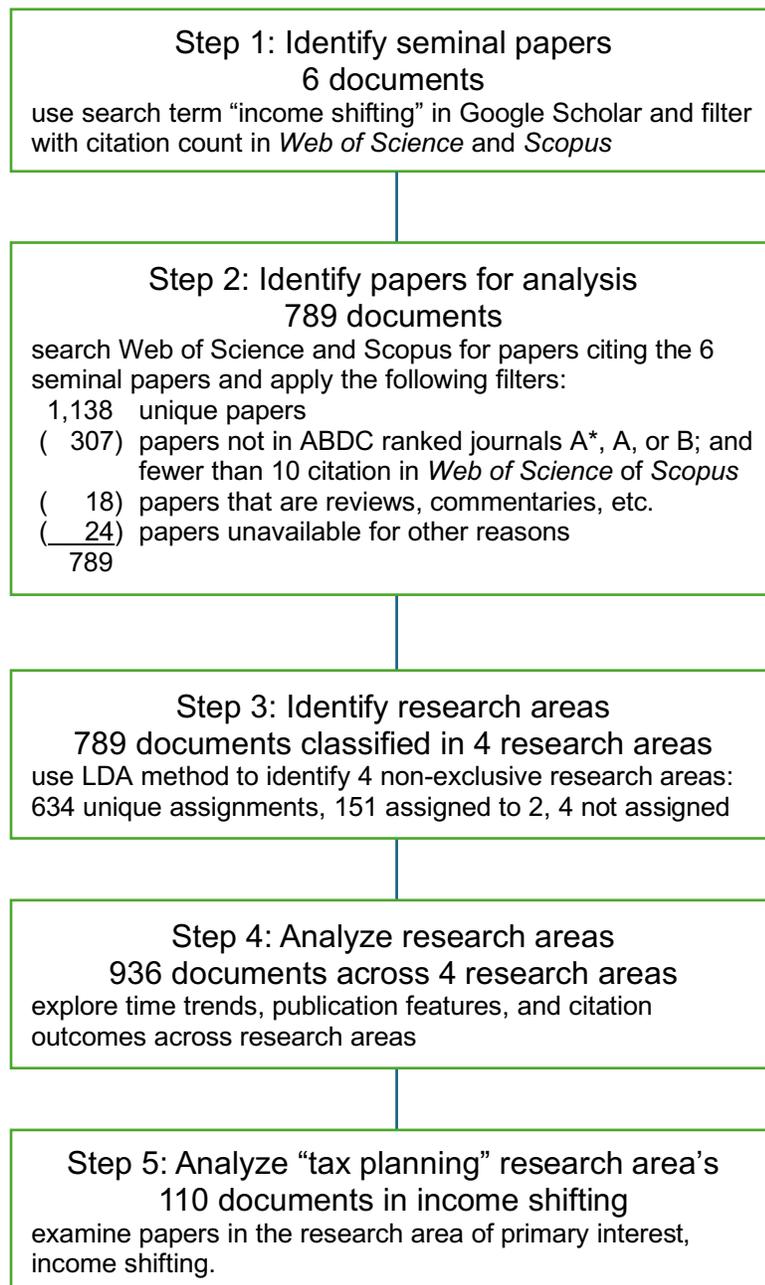
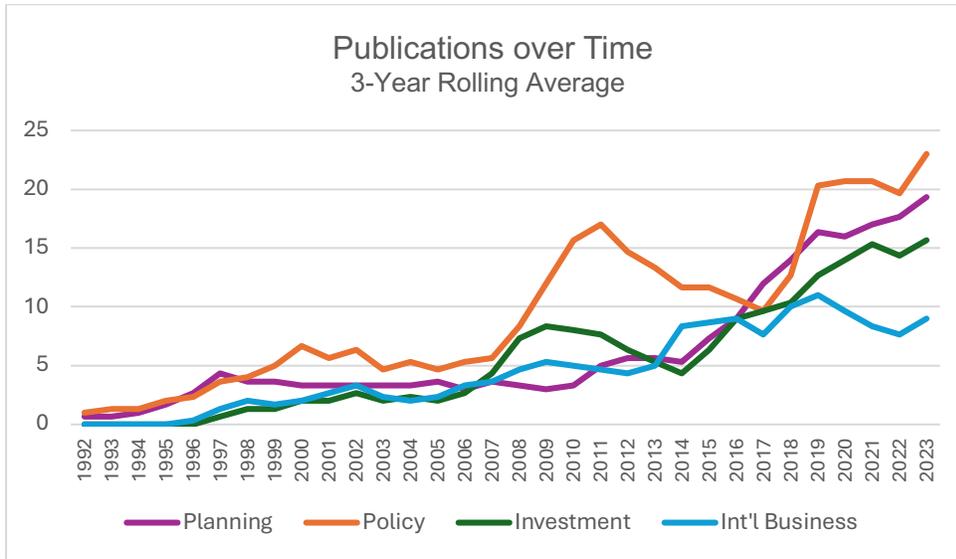
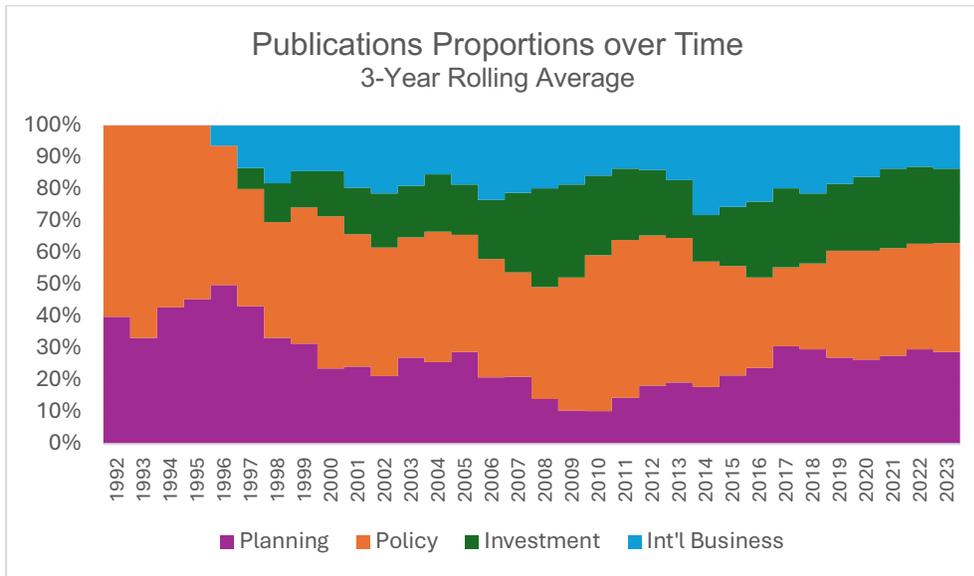


Figure 2: Time Trend in Papers Across Research Areas

Panel A: Number of publications over time



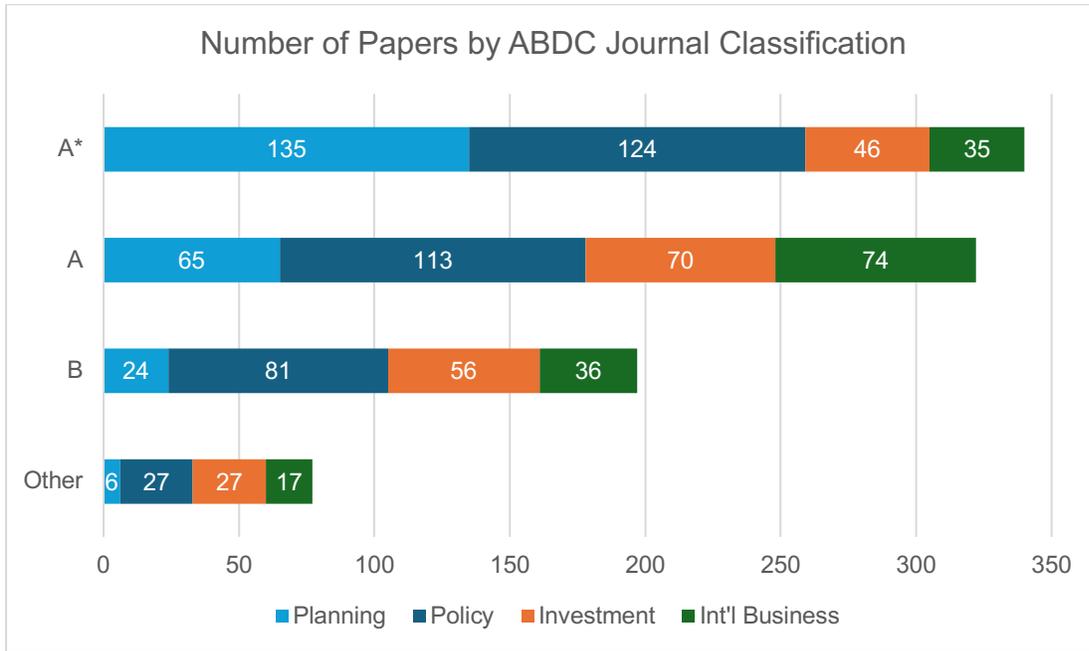
Panel B: Relative proportions of publications over time



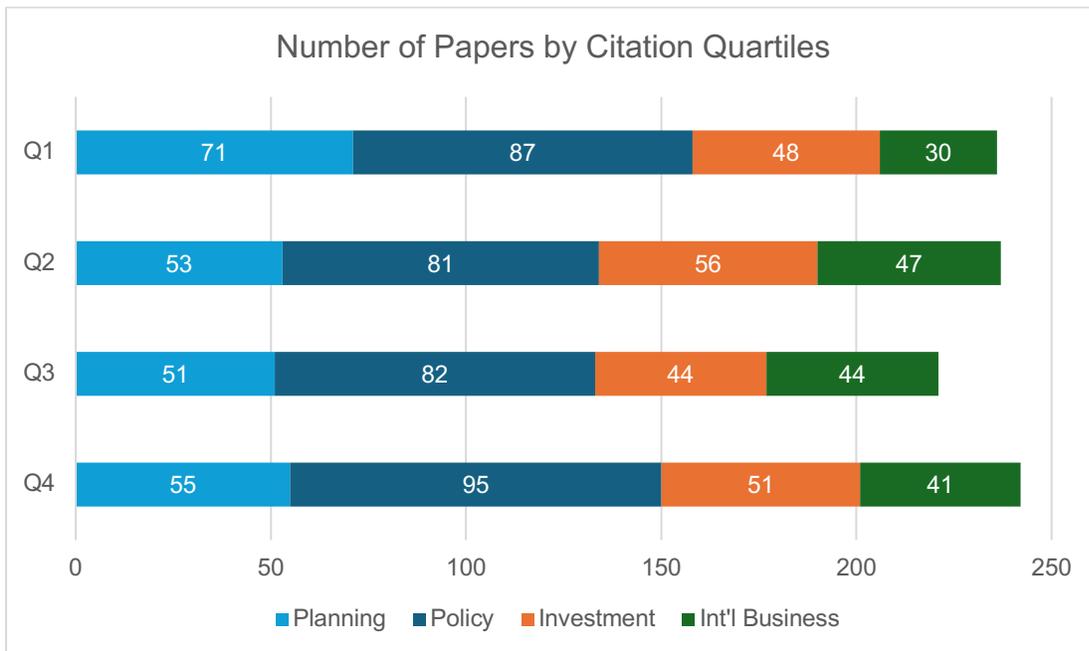
Notes: This figure provides three-year rolling averages across the four research areas (e.g., data labeled 2023 is the average for the period 2022 to 2024, inclusive). Panel A displays the number of articles within each period. Panel B displays the relative proportion of articles across research areas.

Figure 3: Measures of Impact for Papers Across Research Areas

Panel A: ABDC Journal Classification



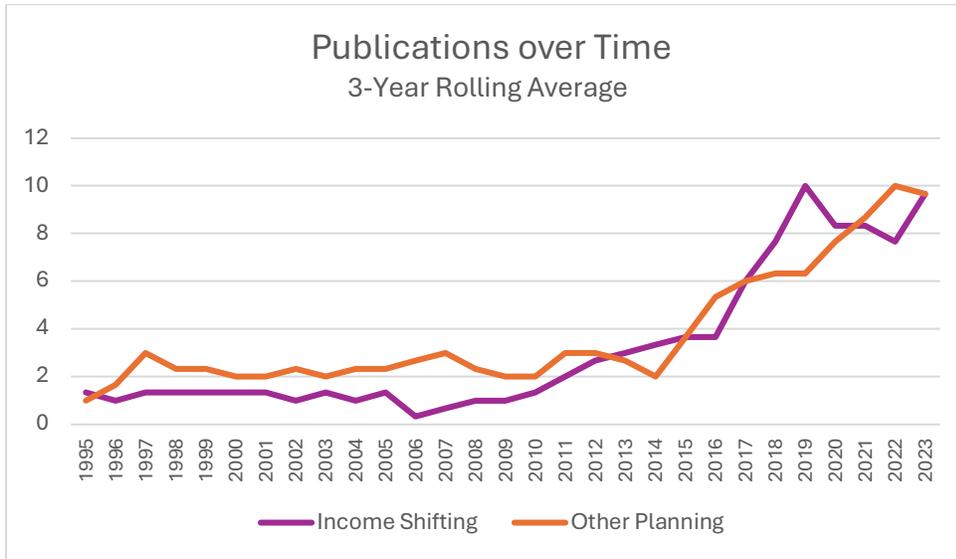
Panel B: Citation Counts



Notes: This figure provides analysis of two measure of impact across the papers in the research areas. Panel A displays the number of articles within each of the Australian Business Deans' Council (ABDC) journal classification list. Panel B displays the number of papers across quartiles of citations using the *Web of Science* and *Scopus* citation counts.

Figure 4: Time Trend in Papers in Tax Planning

Panel A: Number of publications over time



Notes: This figure provides three-year rolling average number of publications across the two subcategories of the tax planning research area (e.g., data labeled 2023 is the average for the period 2022 to 2024, inclusive).

Table 1: Structured Literature Review Sample Selection

	Web of Science	Scopus	Total
Hines and Rice (1994)	567	632	
Huizinga Laeven (2008)	306	376	
Klassen Laplante (2012)	151	165	
Collins Kemsley Lang (1998)	133	150	
Klassen Lang Wolfson (1993)	125	141	
Harris (1993)	123	39	
	<hr/>	<hr/>	
	1,405	1,503	
duplicates	(508)	(491)	
	<hr/>	<hr/>	
Unique within database	897	1,012	
Unique in dataset			1,138
Quality assessment			
ABDC rank A*			296
ABDC rank A			273
ABDC rank B			176
Other but cited 10 or more times			86
			<hr/>
Higher quality			831
Proportion of dataset			73%
Not included in the analysis due to			
Books for which no pdf is available			(15)
Reviews, commentaries, etc.			(18)
Journal behind a paywall (no access)			(8)
Could not locate			(1)
			<hr/>
Compiled for analysis			789

Notes: This table provides a breakdown of the paper selection process for analysis. Papers were obtained from the *Web of Science* and *Scopus* databases that cited any of the six seminal articles that form a basis of our analysis.

Table 2: Journal Outlet across Research Areas

	Planning	Policy	Invest- ment	Int'l Business	Total
ABDC A* Journals					
<i>Journal of Public Economics</i>	1	34	6	3	44
<i>Accounting Review</i>	33	6	2	2	43
<i>Contemporary Accounting Research</i>	25	2	0	1	28
<i>Journal of Accounting Research</i>	18	5	0	1	24
<i>Journal of Accounting & Economics</i>	13	4	1	1	19
<i>Journal of International Economics</i>	0	15	4	0	19
<i>Journal of International Business Studies</i>	5	1	5	4	15
<i>Review of Accounting Studies</i>	11	3	0	1	15
<i>European Accounting Review</i>	4	3	0	6	13
Others	25	51	28	16	120
	135	124	46	35	340
ABDC A Journals					
<i>National Tax Journal</i>	8	36	1	4	49
<i>International Journal of Accounting</i>	6	1	0	6	13
<i>Journal of the American Taxation Association</i>	16	3	0	4	23
<i>Journal of Accounting, Auditing and Taxation</i>	6	6	0	4	16
<i>Economic Modelling</i>	0	10	3	1	14
Others	29	57	66	55	207
	65	113	70	74	322
Other Sources					
<i>International Tax and Public Finance</i>	1	34	9	3	47
Others	29	74	74	50	227
	30	108	83	53	274
	230	345	199	162	936

Notes: This table lists the fifteen most common sources of articles. The journals are classified according to the Australian Business Deans' Council classification scheme.