Title

Public Finance Lunch

Nathan Lazarus Ian Sapollnik

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Introduction

- Motivate that multi-regions firms' profits have to go somewhere and there are different ways of assigning them
- Internationally, separate accounting is the norm. Within countries, state/provincial taxes are usually apportioned
  - $\rightarrow$ Throw in a fun example of how Apple/Google shove IP in Ireland/Bermuda and then pay fees to
- To curtain tax avoidance, OECD has been pushing countries to implement 2 pillars that include sales factor apportionment

What is factor apportionment?

A visual here or on the next slide would be nice!

Research question: price manipulation

- When taxes are apportioned
- Related literature here, comment on how in the past the focus has been on the quantity side (ie relocating labour, capital, etc). We would be the first to show this on the goods side

Related literature

- Comment on how in the past the focus has been on the quantity side (ie relocating labour, capital, etc). We would be the first to show this empirically on the goods side
- Not a novel idea theoretically, but kind of a folk theorem: Gordon and Wilson mention this textually, but (sadly!!!!) it is a feature in the Fajgelbaum model. But a side comment and not the main issue
- Fits in to emerging literature on tax consulting services which are currently used to game the separate accounting system. If OECD implements, these people would shift to tax advising under sales factor, and would clue into this.

Simple visual example

This needs to be a very simple and engaging graphic which shows how a 2-state firm can maximize profits by changing its markups

Our model: set up

Our model: SA

Our model: SFA

Our model: Labour

Our model: labour (monopsony)

Empirics

- Talk about ideal data set/institutional setting
- Talk about apportionment in the US and the policy changes that have occured
- Talk about data

Results