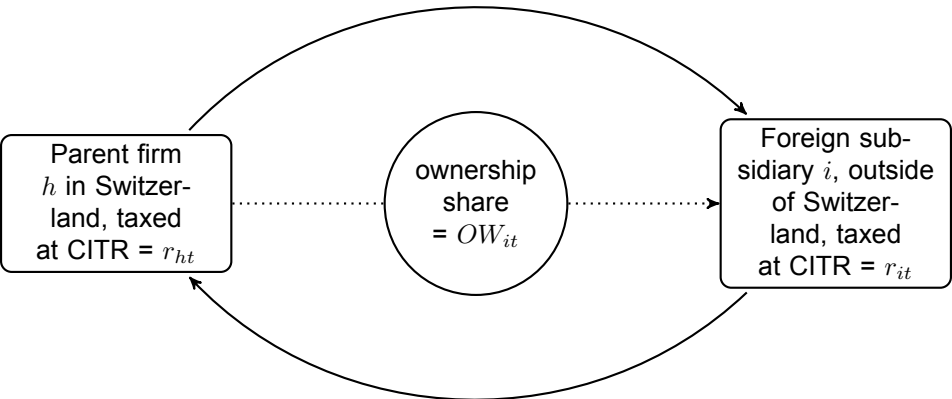


**Case 1:**  $r_{it} < r_{ht}$ ,  $s_{it} > 0$  income  
shifting to subsidiary  $i$  at costs  $c_{it}$



**Case 2:**  $r_{it} > r_{ht}$ ,  $s_{it} < 0$  income  
shifting to parent  $h$  at costs  $c_{it}$