

## Profit shifting by multinational companies: 2022 Update for the Atlas of the Offshore World

### Background

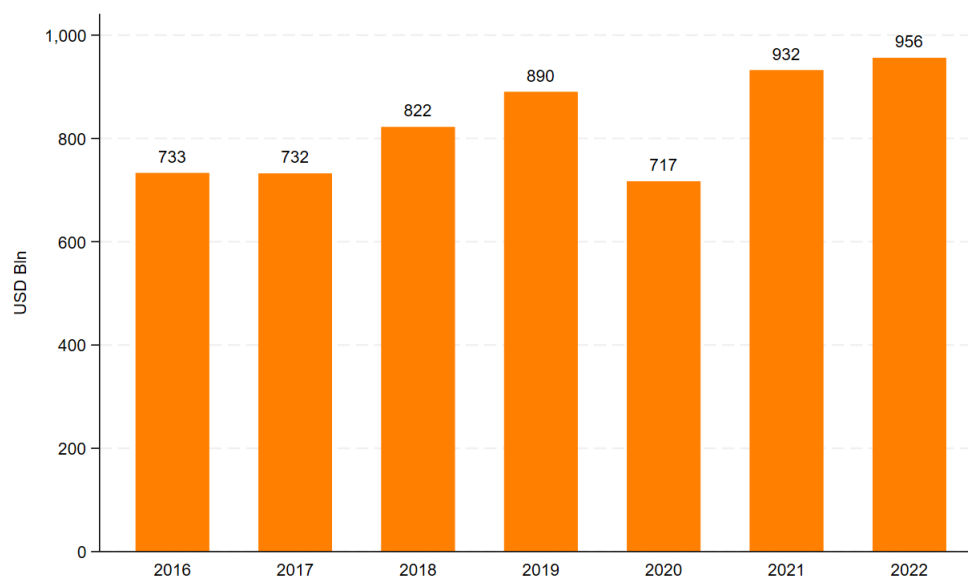
Profit shifting to tax havens is the process through which multinational companies book profits in relatively low-tax countries, above and beyond what can be explained by their real activity in these countries. This practice erodes the tax bases of higher-tax countries, reduces public revenues of governments worldwide, including in high- and low-income countries, and undermines the fairness of international taxation.

The global profit shifting update of the [Atlas of the Offshore World](#) builds on earlier releases and incorporates the most recent data from national accounts, foreign affiliate statistics, and balance of payments to estimate the magnitude and destination of profit shifting in 2022. This note summarizes the main findings of this most recent data update.

- More information about the methodology used for the 2022 update, as well as a user guide for economists interested in replicating the results is available [here](#).
- The original publication in the *Review of Economic Studies* from Tørsløv, Wier and Zucman (2023) is available [here](#).

### Findings

Figure 1: Global scale of profit shifting, 2016–2022

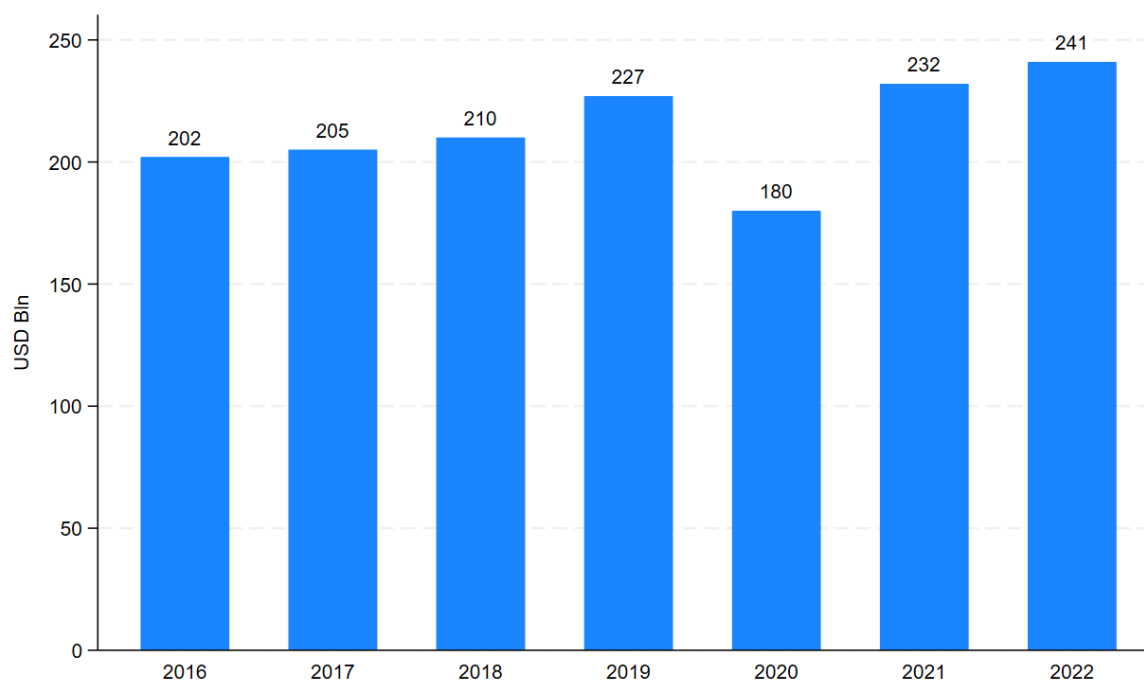


In absolute amounts, global profit shifting is on the rise. In 2022, close to 1,000 USD billion were shifted to low-tax countries. As shown in Figure 2, this translates into a global loss in corporate tax revenue of 241 USD billion, or about half of the public investment required yearly to address the challenges of climate change<sup>1</sup>. Additional statistics about gains and losses from profit shifting, at both country and global levels are available in the [Atlas](#).

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<sup>1</sup>See “Finance for climate action: Scaling up investment for climate and development”, Report of the Independent High-Level Expert Group on Climate Finance, November 2022.

Figure 2: Global tax revenue loss from profit shifting, 2016-2022



The main destination of global profits in 2022 remains Ireland and the Netherlands, with over 150 USD billion profits artificially attracted by each jurisdiction. A noticeable change relates to non-European tax havens, particularly Singapore and Hong-Kong which both attract a larger amount of profits relative to previous years (see Figure 4 for an overview of the main destinations of profit shifting in 2022).

Note finally that in relative terms, global profit shifting is showing early signs of a downward trend. As seen in Figure 3, global profit shifting as a share of total foreign profits have been falling since 2021. The nature of this trend is discussed in a historical context of global profit shifting in the forthcoming article from Wier and Zucman, *Global profit shifting, 1975-2022*.

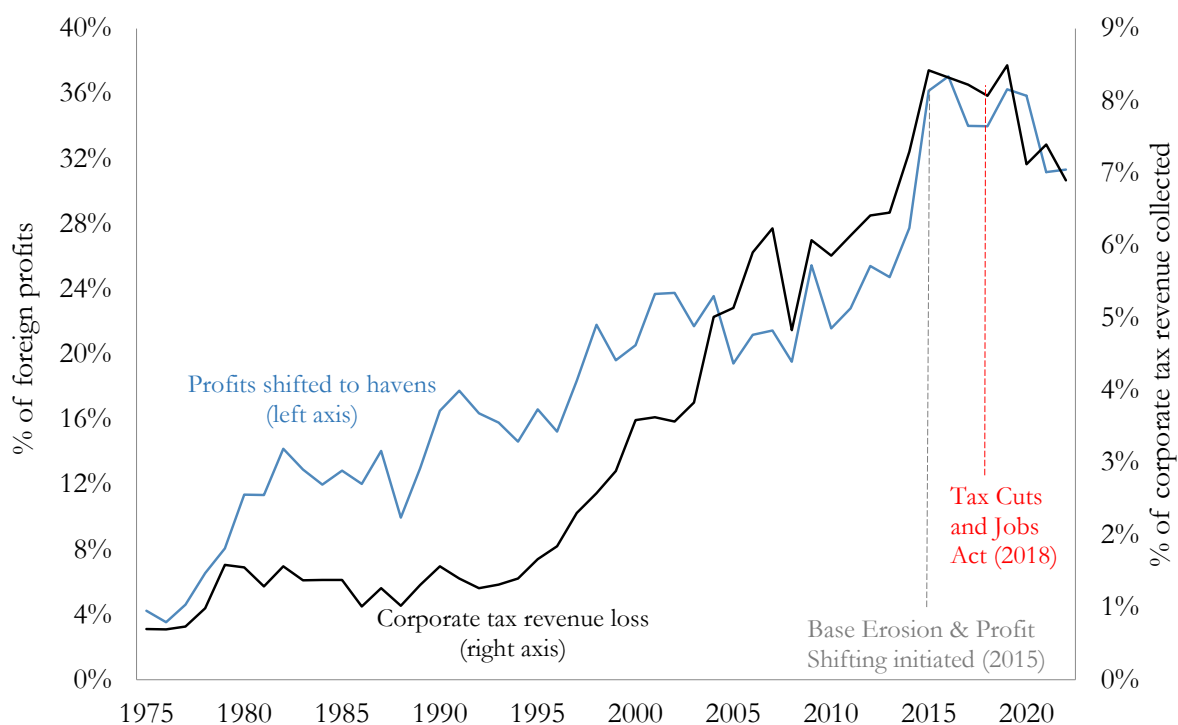
### What's new to the 2022 update?

Several changes and improvements in the methodology as well as in the visualisation of the results are worth pointing out.

- Enhanced details of results presented in the Atlas. Profit shifting gains and losses are now shown with two additional decimals, allowing to better grasp the magnitude of country-specific losses and gains. For instance, losses for Norway will show 1.62 USD bln instead of 2 USD bln — a previously misleading rounding up procedure.
- Revised profit shifting losses for Zimbabwe. In previous series, the country was allocated a too large share of profit losses due to the use of an inflated value of corporate tax revenue. The profit losses for Zimbabwe in 2021 were revised from a 37 USD bln loss to 0.499 USD bln.
- Additional methodological reviews are available in the methodology paper.

## Appendix

Figure 3: Global profit shifting in historical perspective



Source: Wier and Zucman (forthcoming).

Figure 4: Top destinations of profit shifting in 2022

