

Is Tax Avoidance a Sustainability Issue?

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» Research Question Addressed

How does tax avoidance raise issues related to sustainability?

» Primary Findings

Three negative externalities reveal that tax avoidance should be understood not only as a social problem but also as an enterprise problem. Sustainability, as an analytical framework, can guide firms in shaping a sound tax strategy. Using a resource-first perspective of sustainability is superior to the lens of corporate social responsibility for considering the negative externalities of tax avoidance.

» Relevant Sectors

Corporate firms
Government
Law

» Keywords

Corporate social responsibility
Soft law
Sustainability
Tax
Tax avoidance

» Firms Appearing in Research

AkzoNobel	PepsiCo
Allergen	Pfizer
Apple	RobecoSAM
Etsy	Starbucks
Facebook	
Ford Motor Company	
Google	
Hewlett-Packard	
KPMG	





» Highlights

The research demonstrates that tax avoidance results in three distinct negative externalities. Tax avoidance erodes: 1) the social commons, or the ability of public systems to support society needs; 2) the regulatory commons, or a set of mutually agreed-upon cultural practices between firms and agencies regulating them; and 3) the organizational commons, or the shared spaces within organizations that rely upon a foundation of trust, honesty, and integrity.

» Topic Overview

Americans have complex and unsettled perspectives on taxation, influenced by divergent ideas of individualism and the value of social contracts. As tax avoidance becomes more accepted as a sustainability issue, the well-established justifications for corporate sustainability bring a new perspective to the debate over taxes.

» Implications for Sustainable Business

Sustainable taxation is an emerging issue for stakeholders evaluating corporate sustainability. This is evidenced by the Global Reporting Initiative (GRI) and the Dow Jones Sustainability Index (DJSI) incorporating tax strategy into their sustainability assessment criteria. As a result, firms should begin thinking about tax strategy as a part of their broader sustainability strategy.

» Link to Academic Paper

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» Related Links

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