

Profitable INVESTING Tips

Stock Market Investing Tips, Techniques, and Resources



Fifteen Percent Multinational Tax and Your Investments

By: www.ProfitableInvestingTips.com

As multinational corporations have expanded more and more of their sales and operations outside of their home countries, they have sought to minimize their total tax burden. From the viewpoint of these corporations such actions make perfect sense since the job of the corporation is to maximize value for their shareholders. But, from the viewpoints of many nations, these corporations are engaging in multinational corporate tax evasion by paying low, or no, taxes in jurisdictions where they do not manufacture or sell their products. A recent agreement by over [one hundred and thirty nations](#) to rectify this situation brought this issue to mind. How do the new fifteen percent multinational tax and your investments relate to each other?

Is There a Fifteen Percent Global Minimum Tax?

After years of negotiating, more than one hundred thirty jurisdictions and nations have agreed to a fifteen percent global minimum tax for multinational corporations. These nations include more than ninety percent of the world's gross domestic products. The agreement has two parts. The first is that taxes on these companies must happen where their profits occur. Thus, big companies with addresses in small countries where they say their businesses are will not be able to be taxed there and avoid taxation where they make millions or even billions in profits. The second part is that no signer of the agreement will have a corporate tax rate for less than fifteen percent. The last countries to sign on to the fifteen percent minimum tax rate include Ireland which has traditionally attracted manufacturing to its shores by offering low tax rates.

Is It Really Multinational Corporate Tax Evasion to Seek Lower Tax Rates?

The argument for the fifteen percent tax on multinationals with taxation occurring where profits occur is that these profitable and powerful companies are evading taxes. But, as the famous judge, Learned Hand, once wrote in an opinion on a tax case, there is nothing illegal about so ordering your life so as to legally avoid paying more taxes than you have to. What is really happening is the nations of the world are getting together and setting up the law so that corporations who benefit from doing business on their shores will pay what is locally considered their fair share of taxes. We expect this set of laws to be generally enforceable but multinational corporations will still look for every way that they can to minimize their tax burden and maximize their profits on behalf of their shareholders.

Effect on Corporate Earnings of a Fifteen Percent Minimum Tax

Apple has already noted that they expect to pay more in taxes and see lower profits due to the fifteen percent minimum tax and the fact that taxation will occur where they make their profits. Microsoft will also see changes due to their huge global presence. However, these companies keep seeing their share prices go up because they keep expanding their product lines and customer bases. This will not stop because of a new tax law. As such, we expect to see a one-time reduction in earnings that will play out over the next few years as

the new agreement takes shape in the form of new tax laws in countries across the globe. For long term investors with an eye on [intrinsic value](#), this may be the best time to buy at temporary bargain prices.

For more insights and useful information about investments and investing, visit www.ProfitableInvestingTips.com.

FREE training materials.

Free Weekly Investing Webinars

Don't miss these free training events!

<http://www.profitableinvestingtips.com/free-webinar>

Forex Conspiracy Report

Read every word of this report!

<http://www.forexconspiracyreport.com>

Get 12 Free Japanese Candlestick Videos

Includes training for all 12 major candlestick signals.

<http://www.candlestickforums.com>

Disclaimer: Trading and investing involves significant financial risk and is not suitable for everyone. No content on this document should be considered as financial, trading, or investing advice. All information is intended for educational purposes only.

