

The Ethical Imperative of Curbing Corporate Tax Avoidance

David Scheffer

If the future of human rights is dependent on the capacity of the state to fulfill them, then one must focus on how the private sector interfaces with public values—an interface that directly affects how billions of people survive both economically and with dignity. During the last few years reports about multinational corporations shielding phenomenal profits from meaningful taxation have troubled governments and individual taxpayers alike. But there has been little effort to associate such tax avoidance schemes with corporate abdication of responsibility for advancing critical societal goals. Instead, much of the ensuing debate has centered on how to tax corporate profits fairly and more efficiently. While the ideas being marketed in this area are enlightening, there has been less discussion about why corporate taxation is a worthy public goal or what corporations should do voluntarily. The linkage between corporate tax avoidance and “corporate social responsibility” (CSR) has not yet been clearly drawn, but the moment has arrived to bridge the gap. That task may necessitate changing, fundamentally, the ethical framework within which corporate officers, boards of directors, shareholders, tax advisers, and stakeholders in general operate.

The higher ethical perspective demands that corporations rise above minimal compliance standards on taxation, whatever their merit, and requires us to define corporate responsibility as directly tied to the true wealth (in terms of wages, health, education, human rights, infrastructure, the environment, and the rule of law) of a society. Any corporate executive pronouncing that his or her company follows the letter of the law (particularly tax law) must not turn a blind eye to the larger issues affecting the livelihoods and dignity of ordinary people.

To read or purchase the full text of this article, [click here](#).