

# The Ethical Imperative of Curbing Corporate Tax Avoidance

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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.<sup>1</sup> 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.<sup>2</sup> 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

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blind eye to the larger issues affecting the livelihoods and dignity of ordinary people.

Indeed, the Organisation of Economic Co-operation and Development (OECD), reflecting concerns among the major economic powers, has become particularly focused on the problem of tax avoidance, especially the issues of base erosion and profit shifting (the basic tools of tax avoidance), as prominently demonstrated in a February 2013 report,<sup>3</sup> which was followed a few months later by a statement of recommendations.<sup>4</sup> At their June 2013 summit in Northern Ireland, the leaders of the G-8 affirmed their support for the OECD's work in this area, pledging to "work to create a common template for multinationals to report to tax authorities where they make their profits and pay their taxes across the world . . . support developing countries to collect the taxes owed them, with access to the global tax information they need . . . [and] publish national Action Plans to make information on who really owns and profits from companies and trusts available to tax collection and law enforcement agencies."<sup>5</sup>

In mid-July 2013 the finance chiefs of the Group of Twenty nations fully endorsed "the ambitious and comprehensive" plan set forth in the OECD's report on corporate tax avoidance, *Action Plan on Base Erosion and Profit Sharing*,<sup>6</sup> and recommended that G-20 leaders approve the Action Plan during their September 2013 summit. U.S. Secretary of the Treasury Jack J. Lew described the Action Plan as a "major step toward addressing tax avoidance by multinational firms in the global economy" and remarked that it "represents a concerted effort to raise standards around the world."<sup>7</sup>

On September 6, 2013, the G-20 leaders, meeting in Saint Petersburg, Russia, followed through with full endorsement of "the ambitious and comprehensive Action Plan—originated in the OECD—aimed at addressing base erosion and profit shifting with [a] mechanism to enrich the Plan as appropriate. . . . Profits should be taxed where economic activities deriving the profits are performed and where value is created." The G-20 leaders called on countries to "ensure that international and our own tax rules do not allow or encourage multinational enterprises to reduce overall taxes paid by artificially shifting profits to low-tax jurisdictions."<sup>8</sup>

Milton Friedman's famous article published more than four decades ago rejected any responsibility on the part of corporate executives to incorporate "social values" into corporate decision-making.<sup>9</sup> He left such matters to government and to the government's power to tax and spend. For a corporation to ignore

society's most critical problems simply because they might be categorized as issues of "social responsibility," however, is a short-sighted strategy for success. Friedman might have thought he was faithfully reflecting the real world of capitalism in 1970, but today the world offers no such neat division between capitalist pursuits and societal imperatives. Indeed, through tax avoidance the corporation contributes significantly to an overall decline in government services, which ultimately degrades the operating environment and the very markets within which the corporation seeks to thrive.

Friedman's theory has less currency today, when the world's most serious challenges threaten the global marketplace: climate change; widening income disparity; continuing repression of human rights; the resilience of and backsliding to authoritarian regimes; endemic corruption in governments, courts, and the business community; and crumbling infrastructure as population growth swamps urban environments.

## SHRINKING CONTRIBUTION

Not surprisingly, corporations seek and receive advice so as to minimize their overall tax exposure, thus enhancing their revenues and, ultimately, their profits. Shareholders, whose rights also matter, typically expect such strategizing so that share prices can increase along with dividend payments. Senior corporate officers also know that their own compensation and bonuses will be tied to the success of tax avoidance planning. Some governments, mostly in Europe and the Caribbean, market themselves as tax havens and thus encourage the flight of capital to such jurisdictions to avoid taxation either by the country where the corporate headquarters is located or where the corporation operates. The *raison d'être* of international tax lawyers and consultants is to discover legal tax avoidance shelters for their clients.

As a consequence, in both developed and developing countries, the percentage of national tax revenue being drawn from wage-earners and consumers has increased dramatically, while the percentage from corporate taxation has dropped precipitously—because of lowered corporate rates, active permitting of tax avoidance, and the toleration of transfer pricing manipulation (that is, distorting the price of sales between related corporate entities in different jurisdictions in order to minimize overall tax liability).<sup>10</sup>

For example, Starbucks paid only £8.6 million in British taxes over a 14-year period (less than 1 percent in U.K. corporation tax since 1998, while it earned over £3 billion in U.K. sales) and paid no U.K. corporation taxes in 2011 despite £398 million in British sales that year.<sup>11</sup> Apple holds about \$100 billion in tax haven accounts overseas for the obvious purpose of avoiding U.S. taxation. In fact, U.S. corporations have parked a staggering \$1.7 trillion overseas.<sup>12</sup> Multinational corporations have gotten very used to playing the shell game of tax avoidance. For the most part they have done so lawfully, while remaining almost contemptuous of the resulting impact on corporate social responsibility.<sup>13</sup>

The fact that major multinational corporations are paying such comparatively miserly taxes in their home or operating jurisdictions, and doing so legally, means they are minimizing their contributions to social priorities in education, infrastructure, public health care, law enforcement, and even the military defense of countries that provide them with the security and stability that allows them to earn their profit. Societies where these government services are properly financed stand a much better chance of protecting the human rights of the populace.

## THE UN GLOBAL COMPACT

Since 2000 the United Nations has sought to entice corporate executives to commit their corporations to voluntary compliance with a set of principles focusing on human rights, labor rights, environmental protection, and anti-corruption practices—commonly known as the UN Global Compact.<sup>14</sup> Indeed, more than 7,000 companies from roughly 145 countries have joined the UN Global Compact to date. But these efforts risk ringing hollow when juxtaposed with the abdication of responsibility of corporations from the social compact that underpins modern societies—constitutional democracies included—which requires government services to be financed from both personal and corporate taxation.

Granted, the Compact has performed its stated objective admirably: to be a platform for multi-stakeholder dialogue and cooperation. For several years John Ruggie, the Secretary-General's Special Representative for Business and Human Rights, led an ambitious and comprehensive project to flesh out the guiding principles for corporate compliance with the UN Global Compact and international human rights principles and conventions. He and his team of researchers produced a series of reports, culminating in 2011 in *Guiding Principles on Business*

*and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework*, which established a basic framework of human rights compliance for corporations.<sup>15</sup> The Ruggie endeavor brought corporate leaders into discussions and essentially achieved their acquiescence to the voluntary Guiding Principles.

Nowhere within the Ruggie reports, however, is there any substantive discussion of corporate tax avoidance as an issue of corporate social responsibility. The Ruggie framework rests heavily on the primary responsibility of the state to protect human rights. But in order to do so, the state needs to have the means to fulfill this mission, including through corporate tax revenues. Ruggie has a baseline criterion regarding corporate responsibility, which is for corporations to do no harm by not committing gross violations of international law. The common practice of tax avoidance does not fit naturally into his particular framework for advancing human rights protection within the corporate realm. But Ruggie expects business to use its leverage with constituents as part of its responsible behavior.<sup>16</sup> He emphasizes that companies might be required not only to refrain from doing harm but also to take proactive steps to do good.<sup>17</sup> While it is entirely plausible that refraining from tax avoidance schemes could fit within the Ruggie framework, this topic is not explicitly broached.

Given their nature, international initiatives such as the Global Compact are unlikely to be sufficient for stopping corporate tax avoidance (although, as proposed below, the Global Compact can serve as a useful starting point). Minimizing tax avoidance schemes would probably have to be accomplished through legislative amendments to domestic tax codes or through voluntary decisions by corporate executives, boards of directors, legal counsels, and company accountants. Either strategy would be extremely difficult to implement without dramatic shifts in political and business attitudes about tax policies and an acceptance of an ethical commitment to fair taxation in order to advance worthwhile societal objectives.

An enormous effort has been made by corporations in the last two decades to proclaim their commitment to CSR principles through sustainability reports, advertising, and other public documents.<sup>18</sup> This has been encouraged in the name of transparency and through voluntary compliance with the UN Global Compact, industry-generated guidelines of corporate responsibility, and corporations' codes of conduct. Designated corporate officers are now engaged in monitoring, analyzing, developing, and promoting CSR objectives, alongside a vast web

of nongovernmental organizations dedicated to the same ends. These activities, however, have been described as “organized hypocrisy, which may be understood as the gaps between corporate talk, decisions, and action.”<sup>19</sup> Corporations seek to gain reputational value by entering the public relations arena with news of their achievements on CSR implementation; but when these same corporations avoid fair taxation through the shifting of profits into tax havens, clearly such behavior breeds hypocrisy on a grand scale.<sup>20</sup>

The linkage between corporate tax avoidance and CSR, poorly understood both among the general public and the corporate community, has been attracting more attention among scholars in recent years. Perhaps the most prominent voice in CSR and business theory is that of Michael Porter. While he does not explicitly examine the link between CSR and tax avoidance, Porter’s framework of analysis helps one understand the relationship between these issues. Porter focuses on voluntary CSR contributions in infrastructure, education, health care, and other public services, and has been at the forefront of challenging corporations to understand and embrace CSR principles for their own economic advantage over the long term.<sup>21</sup>

More recently, Rhys Jenkins and Peter Newell have sharply examined how tax issues fall within the ambit of CSR.<sup>22</sup> They note that taxes are part of the “social contract”—between not only the citizen and the state but also the corporation and the state where the firm operates.<sup>23</sup> Tax avoidance schemes violate that contract. Stakeholders identified with CSR objectives look to taxes and wages as “part of the total value produced, and thus the state is as much a stakeholder in the enterprise as are the employees.”<sup>24</sup> Taxation pays for the services the state provides to enable the company to operate and earn revenue. Prem Sikka has described this as “providing ‘social capital’ for the private sector, in the same way as shareholders provide financial capital.”<sup>25</sup>

## THE ELEVENTH PRINCIPLE

One way to help ameliorate corporate tax avoidance, but to do so within the established framework of voluntary compliance mechanisms that have emerged in recent years, would be to add an eleventh principle to the UN Global Compact. Currently, the Compact’s ten principles address human rights, labor rights, environmental protection, and anti-corruption measures. The eleventh principle should be identified as “Fair Taxation” and read: “Businesses should undertake

measures to promote fair taxation of their revenues, including non-resort to tax avoidance schemes and prohibition of any tax evasion practices.” The companies that comprise the existing membership of the UN Global Compact will have three options: to remain in the UN Global Compact and acquiesce in its expansion, to remain in the Compact while in practice choosing not to comply with the new principle, or to opt out of the Compact altogether.

A second voluntary initiative that corporations could take would be to restructure or establish compliance divisions that focus not only on narrow regulatory requirements for either domestic or foreign investments but that also view CSR and its true nemesis, tax avoidance, as issues of compliance that CEOs and boards of directors must be properly advised about in order to steer the company away from reputational damage and toward win-win solutions for both the corporation’s long-term operations and for the betterment of society as a whole.

The U.S. Congress and the British Parliament have recently begun exploring how to close the loopholes of corporate tax avoidance schemes.<sup>26</sup> The outcome of those deliberations as well as the recent commitment of the OECD and G-20 leaders to challenge tax avoidance schemes remain uncertain, particularly in the face of corporate lobbying to protect tax avoidance.<sup>27</sup> But it is unlikely the issue will fade away as governments struggle to address the needs of so many with so little public revenue compared to what would be available if corporations were fairly taxed to reflect their necessary and rightful contribution to the public good.

#### NOTES

<sup>1</sup> See “Tax paid by some global firms in UK ‘an insult,’” *BBC News*, December 3, 2012, [www.bbc.co.uk/news/business-20559791](http://www.bbc.co.uk/news/business-20559791); “Apple ‘among largest tax avoiders in US’—Senate committee,” *BBC News*, May 21, 2013, [www.bbc.co.uk/news/business-22600984](http://www.bbc.co.uk/news/business-22600984); David Kocieniewski, “Tax Benefits From Options as Windfall for Businesses,” *New York Times*, December 29, 2011, [www.nytimes.com/2011/12/30/business/tax-breaks-from-options-a-windfall-for-businesses.html?pagewanted=all](http://www.nytimes.com/2011/12/30/business/tax-breaks-from-options-a-windfall-for-businesses.html?pagewanted=all); “UK watchdog blames Google for blatant tax evasion,” *Business Standard*, June 13, 2013, [www.business-standard.com/article/news-ani/uk-watchdog-blames-google-for-blatant-tax-evasion-113061300657\\_1.html](http://www.business-standard.com/article/news-ani/uk-watchdog-blames-google-for-blatant-tax-evasion-113061300657_1.html).

<sup>2</sup> See, e.g., Archie B. Carroll, “A Three-Dimensional Conceptual Model of Corporate Performance,” *Academy of Management Review* 4, no. 4 (October 1979), p. 500 (“The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time.”).

<sup>3</sup> OECD, *Addressing Base Erosion and Profit Shifting* (OECD Publishing, 2013), [dx.doi.org/10.1787/9789264192744-en](http://dx.doi.org/10.1787/9789264192744-en).

<sup>4</sup> OECD, “Declaration on Base Erosion and Profit Sharing, Adopted on 29 May 2013,” pp. 2–3, [www.oecd.org/mcm/C-MIN%282013%2922-FINAL-ENG.pdf](http://www.oecd.org/mcm/C-MIN%282013%2922-FINAL-ENG.pdf) (“RECOGNISING that beyond the existing problem of tax compliance, governments lose substantial corporate tax revenue because of international tax planning that has the effect of artificially shifting profits to locations where they are subject to a more favourable tax treatment; . . . ENCOURAGE efforts to develop proposals [as identified in the OECD report on Addressing Base Erosion and Profit Shifting] on possible: . . . more effective anti-avoidance measures. . . . Anti-avoidance measures can be included in domestic laws or included in international instruments. Examples of these measures include General Anti-Avoidance Rules,



- Controlled Foreign Companies rules, Limitation of benefits rules and other anti-treaty abuse provisions.”).
- <sup>5</sup> The White House Office of the Press Secretary, “G-8 Leaders Communique,” news release, June 18, 2013, [www.whitehouse.gov/the-press-office/2013/06/18/g-8-leaders-communique](http://www.whitehouse.gov/the-press-office/2013/06/18/g-8-leaders-communique).
  - <sup>6</sup> OECD, *Action Plan on Base Erosion and Profit Shifting* (OECD Publishing, 2013), dx.doi.org/10.1787/9789264202719-en.
  - <sup>7</sup> Theophilos Argitis and Scott Rose, “G-20 Nations ‘Fully Endorse’ OECD Action Plan on Tax Evasion,” *Bloomberg.com*, July 20, 2013, [www.bloomberg.com/news/2013-07-20/g-20-nations-fully-endorse-oecd-action-plan-on-tax-evasion-1.html](http://www.bloomberg.com/news/2013-07-20/g-20-nations-fully-endorse-oecd-action-plan-on-tax-evasion-1.html); Andrew E. Kramer and Floyd Norris, “G-20 Backs Plan to Curb Tax Avoidance by Large Corporations,” *New York Times*, July 19, 2013, [www.nytimes.com/2013/07/20/business/global/g-20-nations-back-plan-to-curb-corporate-tax-evasion.html?hp](http://www.nytimes.com/2013/07/20/business/global/g-20-nations-back-plan-to-curb-corporate-tax-evasion.html?hp).
  - <sup>8</sup> G20 Leaders’ Declaration, Saint Petersburg Summit, 5–6 September 2013, [www.g20.org/news/20130906/782776427.html](http://www.g20.org/news/20130906/782776427.html); see also Tax Annex to the St. Petersburg G20 Leaders’ Declaration, September 2013 (ibid.), where the Action Plan is described, and at [www.voltairenet.org/article180115](http://www.voltairenet.org/article180115).
  - <sup>9</sup> Milton Friedman, “The Social Responsibility of Business is to Increase its Profits,” *New York Times Magazine*, September 13, 1970.
  - <sup>10</sup> Jane G. Gravelle and Thomas L. Hungerford, “Corporate Tax Reform: Issues for Congress” (Congressional Research Service, December 16, 2011), p. 3, [www.cfr.org/united-states/congressional-research-service-corporate-tax-reform-issues-congress/p26926](http://www.cfr.org/united-states/congressional-research-service-corporate-tax-reform-issues-congress/p26926) (“Despite concerns expressed about the size of the corporate tax rate, current corporate taxes are extremely low by historical standards, whether measured as a share of output or based on the effective tax rate on income.”).
  - <sup>11</sup> “Starbucks ‘paid just £8.6m UK tax in 14 years,’” *BBC News*, October 16, 2012, [www.bbc.co.uk/news/business-19967397?print=true](http://www.bbc.co.uk/news/business-19967397?print=true).
  - <sup>12</sup> “Apple, leverage and tax avoidance,” *Financial Times*, May 2, 2013, [www.ft.com/cms/s/0/b5d2bd7e-b326-11e2-95b3-00144feabdco.html](http://www.ft.com/cms/s/0/b5d2bd7e-b326-11e2-95b3-00144feabdco.html); see also Nelson D. Schwartz and Charles Duhigg, “Apple’s Web of Tax Shelters Saved It Billions, Panel Finds,” *New York Times*, May 20 2013, p. A1 (“Overall, Apple’s tax avoidance efforts shifted at least \$74 billion from the reach of the Internal Revenue Service between 2009 and 2012. . . . [U.S. Senator] John McCain of Arizona . . . said: ‘Apple claims to be the largest U.S. corporate taxpayer, but by sheer size and scale, it is also among America’s largest tax avoiders.’”).
  - <sup>13</sup> See Prem Sikka, “Smoke and mirrors: corporate social responsibility and tax avoidance,” in Kathryn Hanes, Alan Murray and Jesse Dillard, eds., *Corporate Social Responsibility: A Research Handbook* (New York: Routledge, 2013), pp. 54–55; Steven Rattner, “The Corporate Tax Dodge,” *New York Times*, May 23, 2013, p. A45, [opinionator.blogs.nytimes.com/2013/05/23/the-corporate-tax-dodge/](http://opinionator.blogs.nytimes.com/2013/05/23/the-corporate-tax-dodge/) (“A study by the Congressional Research Service found that subsidiaries of United States corporations operating in the top five tax havens (the Netherlands, Ireland, Bermuda, Switzerland and Luxembourg) generated 43 percent of their foreign profits in those countries in 2008, but had only 4 percent of their foreign employees and 7 percent of their foreign investment located there. . . . As a consequence, the effective corporate tax rate in the United States fell to 17.8 percent in 2012 from 42.5 percent in 1960, according to the Federal Reserve Bank of St. Louis. . . . That’s just not fair at a time of soaring corporate profits and stagnant family incomes.”); Vanessa Houlder, “Figures shed light on tax avoidance haul,” *Financial Times*, April 28, 2013 (“Much recent attention has focused on tax havens and individual companies such as Google, which has faced public outrage in countries where it has paid little tax despite doing billions of euros of business. But the global debate is beginning to focus on developed countries such as the Netherlands and Ireland, which have sucked up corporate investment by helping—entirely legally—companies avoid hefty tax bills at home.”).
  - <sup>14</sup> United Nations Global Compact, “The Ten Principles,” last modified April 22, 2013, [www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html](http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html).
  - <sup>15</sup> UN Human Rights Office of the High Commissioner, *Guiding Principles on Business and Human Rights: Implementing the United Nations ‘Protect, Respect and Remedy’ Framework* (New York: UN Publications, 2011), [www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf). Contents of the publication were developed by the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises, John Ruggie, and annexed to his final report to the Human Rights Council (A/HRC/17/31).
  - <sup>16</sup> UN Human Rights Office of the High Commissioner, *Guiding Principles on Business and Human Rights*, pp. 18–19 (Principle 19).
  - <sup>17</sup> United Nations Human Rights Council, “Promotion of Protection of all Human Rights, Civil, Political, Economic, Social and Cultural Rights, Including the Right to Development,” Report of the Special Representative of the Secretary-General on the issue of human rights and transnational corporations



- and other business enterprises, John Ruggie (A/HRC/8/5), April 7, 2008, para. 55 at p. 17, [daccess-dds-ny.un.org/doc/UNDOC/GEN/G08/128/61/PDF/G0812861.pdf?OpenElement](https://daccess-dds-ny.un.org/doc/UNDOC/GEN/G08/128/61/PDF/G0812861.pdf?OpenElement).
- <sup>18</sup> See David Scheffer and Caroline Kaeb, “The Five Levels of CSR Compliance: The Resiliency of Corporate Liability under the Alien Tort Statute and the Case for a Counterattack Strategy in Compliance Theory,” *Berkeley Journal of International Law* 29, no. 1 (2011), pp. 334, 336–337.
- <sup>19</sup> Sikka, “Smoke and mirrors,” p. 55. For a comprehensive discussion of organized hypocrisy, see pp. 53–84 (ibid.).
- <sup>20</sup> Scheffer and Kaeb, “The Five Levels of CSR Compliance”; see also David Scheffer, “BP shows the need for a rethink of regulation,” *Financial Times*, May 28, 2010, p. 11.
- <sup>21</sup> See, e.g., Michael E. Porter and Mark R. Kramer, “Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility,” *Harvard Business Review* (December 2006), pp. 78–93.
- <sup>22</sup> Rhys Jenkins and Peter Newell, “CSR, Tax and Development,” *Third World Quarterly* 34, no. 3 (2013).
- <sup>23</sup> See also Thomas Donaldson and Thomas W. Dunfee, *Ties That Bind: A Social Contracts Approach to Business Ethics* (President and Fellows of Harvard College, 1999).
- <sup>24</sup> Jenkins and Newell, “CSR, Tax and Development,” p. 387.
- <sup>25</sup> Ibid., p. 388.
- <sup>26</sup> See U.S. Senate Committee on Homeland Security and Governmental Affairs, “Subcommittee to Examine Offshore Profit Shifting and Tax Avoidance by Apple Inc.,” news release, May 20, 2013, [www.hsgac.senate.gov/subcommittees/investigations/media/subcommittee-to-examine-offshore-profit-shifting-and-tax-avoidance-by-apple-inc](http://www.hsgac.senate.gov/subcommittees/investigations/media/subcommittee-to-examine-offshore-profit-shifting-and-tax-avoidance-by-apple-inc); “Tax Avoidance: A General Anti-Abuse Rule – Commons Standard Library Note,” June 20, 2013, Standard notes SNo6265, [www.parliament.uk/briefing-papers/SNo6265](http://www.parliament.uk/briefing-papers/SNo6265); Fiona Fernie, “George Osborne’s new plans to tackle tax avoidance,” *BBC News*, March 27, 2012, [www.bbc.co.uk/news/business-17525977](http://www.bbc.co.uk/news/business-17525977).
- <sup>27</sup> See David Kocieniewski, “G.E.’s Strategies Let It Avoid Taxes Altogether,” *New York Times*, March, 24, 2011, [www.nytimes.com/2011/03/25/business/economy/25tax.html?pagewanted=all](http://www.nytimes.com/2011/03/25/business/economy/25tax.html?pagewanted=all); Jason J. Fichtner and Jacob M. Feldman, “The Hidden Costs of Tax Compliance,” (Arlington, Va., Mercatus Center at George Mason University, 2013), pp. 12–14, [mercatus.org/sites/default/files/Fichtner\\_TaxCompliance\\_v3.pdf](http://mercatus.org/sites/default/files/Fichtner_TaxCompliance_v3.pdf).