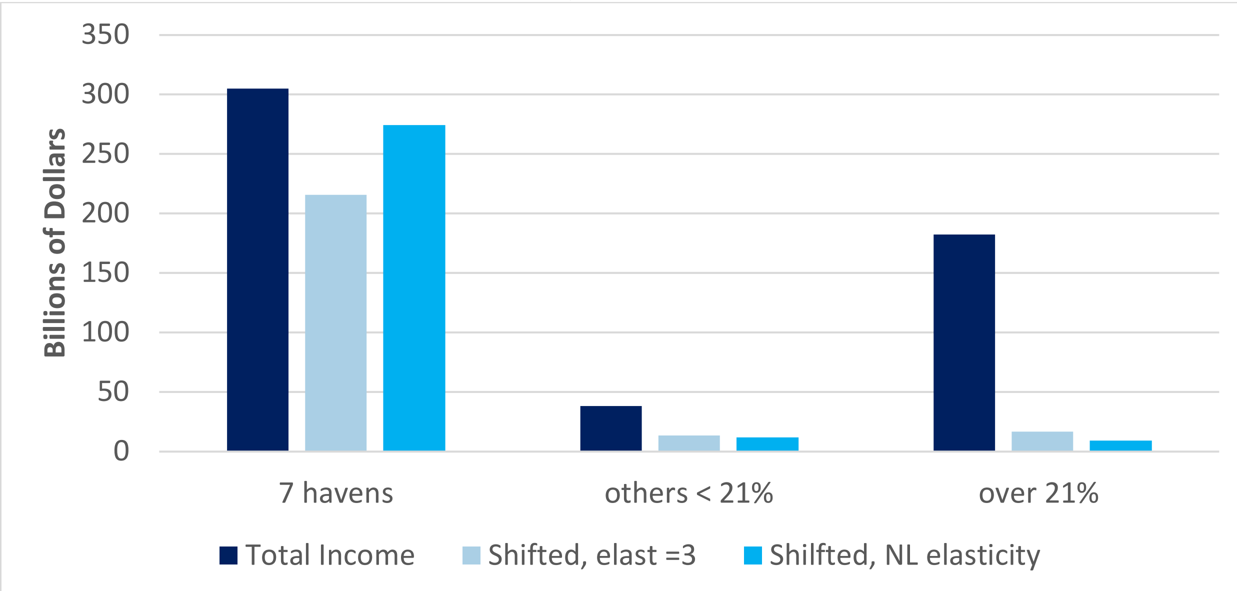
## Appendix B

**Figure B1:**
**Distribution of Profits and Shifted Profits, BEA Direct Investment Income Series**




Note: The seven havens are Bermuda, Caymans, Ireland, Luxembourg, Netherlands, Singapore, and Switzerland.

**Appendix C**

Below are estimates considering the effect of the GILTI global minimum tax, depending on the fraction of foreign income held by companies with deficit credits with respect to the tax.

**Table C1: Changes in Corporate Tax Base Due to GILTI Global Minimum Tax**

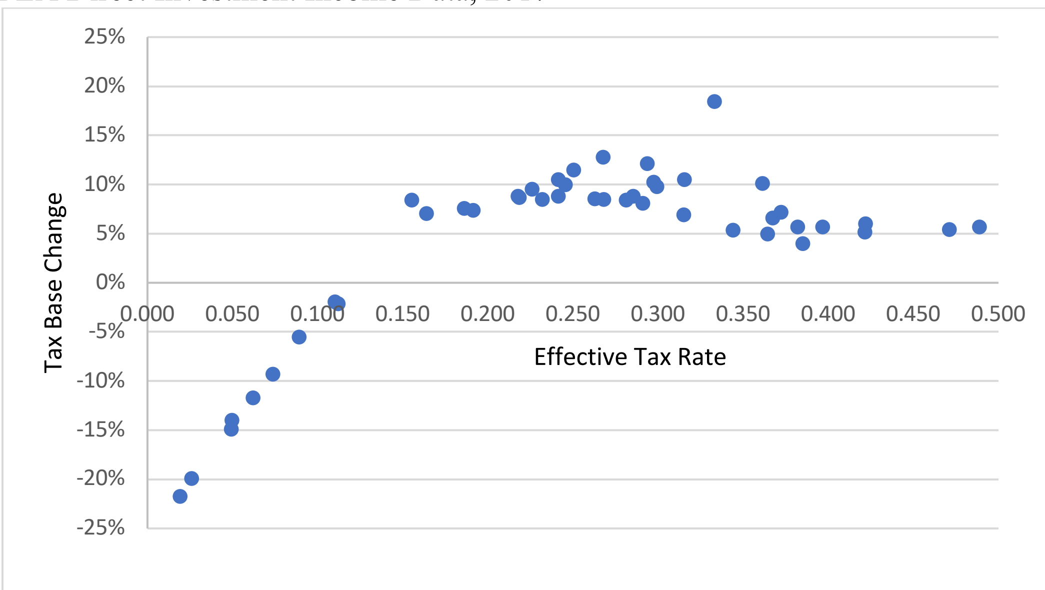
| | **BEA DII Series** | | **IRS CbC Series** | |
|---|---|---|---|---|
| | Tax Base Change, billions | Tax Base Change, percent | Tax Base Change, billions | Tax Base Change, percent |
| **Baseline: 50% of Income Held by Deficit Credit Companies** | | | | |
| Min Tax Countries | -35.9 | -11.7% | -55.1 | -15.5% |
| Others, Non-Havens | 18.3 | 8.1% | 21.6 | 9.1% |
| Of which: Rich | 13.0 | 8.0% | 12.3 | 8.6% |
| Non-Rich | 5.4 | 8.1% | 9.4 | 9.8% |
| U.S. | 16.7 | | 29.9 | |
| U.S. Revenue ($b) | 3.3 | | 6.0 | |
| **Alternate: 10% of Income Held by Deficit Credit Companies** | | | | |
| Min Tax Countries | -7.2 | -2.3% | -11.0 | -3.1% |
| Others, Non-Havens | 3.6 | 1.6% | 4.3 | 1.8% |
| Of which: Rich | 2.6 | 1.6% | 2.5 | 1.7% |
| Non-Rich | 1.1 | 1.6% | 1.9 | 2.0% |
| U.S. | 3.3 | | 6.0 | |
| U.S. Revenue ($b) | 0.7 | | 1.2 | |
| **Alternate: 90% of Income Held by Deficit Credit Companies** | | | | |
| Min Tax Countries | -64.7 | -21.1% | -99.2 | -27.9% |
| Others, Non-Havens | 33.0 | 14.5% | 39.0 | 16.3% |
| Of which: Rich | 23.3 | 14.5% | 22.1 | 15.4% |
| Non-Rich | 9.7 | 14.7% | 16.9 | 17.7% |
| U.S. | 30.0 | | 53.7 | |
| **U.S. Revenue ($b)** | 6.0 | | 10.7 | |

Note: This analysis considers the steady-state effect on tax bases; revenue is calculated at a 20% marginal effective tax rate. Data are from 2017. Rich economies are those above $16,000 GDP per-capita.

**Appendix D**

**Figure D1: Tax Base Change for U.S. Affiliates due to Global Minimum Tax**
(ordered by Effective Tax Rate in 2017, using non-linear elasticities)

BEA Direct Investment Income Data, 2017



**Appendix E**

Table E1 shows simple mechanical estimates of the revenue gain associated with higher per-country minimum taxes for the four data series. The method behind this table is simple. For each country with an effective tax rate below the minimum tax rate, the difference between the minimum tax rate and the country's effective tax rate is multiplied by the profit in that country. Two-thirds of the resulting revenue is allocated to the United States, reflecting the fact that US multinational companies undertake about two-thirds of their economic activity in the United States.

The remaining revenue ends up in other non-haven countries, due to reduced profit shifting under the minimum tax. Due to a reduced incentive to shift profits, the pattern of taxable profits across countries is likely to change, more closely reflecting the underlying location of economic activity. Thus, havens will lose tax base and non-havens will gain tax base. Thus, over time, the U.S. minimum tax revenue will partially show up as increased domestic corporate tax base (rather than minimum tax revenue), due to adjustments in the distribution of taxable profits.

**Table E1: US Revenue from a Per-Country Minimum Tax in 2017**

| | Direct Investment Income Series (balance of payments data; adjusted to be pre-tax) | Subtracted Income Series (removes equity income from income, using BEA survey data) | Full Country-by-Country Sample (without stateless income) | Average of Full and Positive Profit Country-by-Country Sample (without stateless income) |
|---|---|---|---|---|
| 21 percent | $30b | $24b | $41b | $53b |
| 28 percent | $49b | $43b | $64b | $82b |
| 35 percent | $71b | $66b | $89b | $113b |

**Appendix F: Comparing Data Series on Foreign Profits in Recent Years**

As noted in Appendix A, in 2017, the adjusted series produces similar foreign totals as the direct investment earnings series, once they are calculated on a before-tax basis. However, in earlier years, these series do not always align well. 2014 numbers are similar, but in 2015 and 2016, the adjusted series produces smaller totals, as shown in Table F1. IRS data, from both the country by country data set (form 8975, only available in 2017 on a complete basis), and from the form 5471 CFC reports (available in even years), produce larger totals as well as larger shares of income in havens. In the country by country data, many more havens are visible, including some that appear to have large magnitudes of profits. In the 5471 data, dividend income has been removed from the totals, to remove double-counting in those data.

**Table F1: Foreign Profits, in millions, 2014-2017**

| | **BEA**<br>Adjusted Income Data | **BEA**<br>Direct Invest. Income | **IRS 8975**<br>Country by Country (full) | **IRS 8975**<br>Country by Country (Positive profits) | **IRS 5471**<br>CFC Data (w/o dividend income) | **IRS 5471**<br>CFC Data (w/o dividends; positive profits) |
|---|---|---|---|---|---|---|
| **2017** | | | | | | |
| All countries | 571,007 | 574,958 | 638,467 | 873,621 | | |
| Big 7 Share | 40% | 53% | 45% | 43% | | |
| All Haven Share | | | 57% | 55% | | |
| **2016** | | | | | | |
| All countries | 420,565 | 514,483 | | | 705,591 | 855,976 |
| Big 7 Share | 41% | 58% | | | 66% | 61% |
| **2015** | | | | | | |
| All countries | 428,446 | 524,755 | | | | |
| Big 7 Share | 40% | 54% | | | | |
| **2014** | | | | | | |
| All countries | 580,597 | 590,286 | | | 647,557 | 789,633 |
| Big 7 Share | 34%[1] | 48% | | | 57% | 53% |

Note: All data are defined or calculated to be before-tax. All complete available years are shown. Havens are defined either be the big seven havens (Ireland, Luxembourg, Bermuda, Caymans, the Netherlands, Singapore, and Switzerland) or to include those havens plus all countries with effective tax rates below ten percent (in the country by country data). The IRS country by country data reveal many other important havens. In these data, I omit stateless income from all calculations. The BEA adjusted income adds back foreign taxes and subtracts equity income.

[1] Data are missing for Bermuda for this year, which lowers the haven share.