



Research article

Do multinational corporations pay their “Fair Share”?

Running title: Perception and consequences of inequity between citizens’ tax burden and corporate tax avoidance

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Supplementary

Appendix: Full questionnaire

Many large multinational corporations optimize their tax payments. They argue that tax reduction is only in the interest of employees, shareholders and customers as paying less taxes increases the available funds for corporations which can spend on salaries, investments, better after-sales services or dividends. However, these corporations are also criticized for exploiting legislative gaps to their own advantage to reduce tax payments significantly. This poses economic, political and social risks to states by reducing the funds available for public spending into education, public transportation or per diems of politicians. In 2019, solely six big US tech firms have been accused of avoiding \$100bn of global tax over the past decade by shifting revenue and profits through tax havens or low-tax countries.

In this survey, we would like to know **your perception and opinion** on this topic of **Corporate Tax Avoidance**.

Have you ever heard about Corporate Tax Avoidance before?

	Yes, I often hear about it.
<input type="checkbox"/>	Yes, sometimes.
	Rarely.
<input type="checkbox"/>	I have never heard about it before.
	I am not sure / I do not know.

2 SMEs and MNCs

In the previous section, we emphasized what Corporate Tax Avoidance is. However, next to big, multinational corporations, also small- and medium-sized corporations need to pay corporate tax.

When answering the following questions, please remember the distinction between these two types of corporations:

According to the European Commission, a company can be considered as a small and medium-sized enterprise, when it has less than 250 employees and a maximum annual turnover of 50 million euros.

Please state for each of the following statements whether you agree or disagree on a five-point scale, where 1 is “Fully disagree” and 5 is “Fully agree”.

How do you perceive your taxes compared to the taxes of big, multinational corporations?

	1 “Fully disagree”	2	3	4	5 “Fully agree”	Cannot answer
Compared to big, multinational corporations, I perceive my amount of income tax to pay as fair.						
Income tax payers (private citizens) have a disadvantage compared to big, multinational corporations in regards to paying their taxes.	<input type="checkbox"/>					
Big, multinational corporations have more options to reduce their tax						

burden than I do.							
Big, multinational corporations pay their fair share.	—	—	—	—	—	—	—
<p>How do you perceive your taxes compared to the taxes of small and medium corporations?</p>							
	1 “Fully disagree”	2	3	4	5 “Fully agree”	Cannot answer	
Compared to small and medium sized corporations, I perceive my amount of income tax to pay as fair.							
Income tax payers (private citizens) have a disadvantage compared to small and medium sized corporations in regards to paying their taxes.	—	—	—	—	—	—	—
Small and medium sized corporations have more options to reduce their tax burden than I do.							
Small and medium sized corporations pay their fair share.	—	—	—	—	—	—	—
<p>How do you perceive small and medium corporations and big, multinational corporations in regards to their contribution to society?</p>							
<p>Choose for which type of corporation the following statements are more relevant by ticking the respective boxes. Intermediate answers are also possible if you struggle to assign a statement to</p>							

rather one or the other side.

	Small and medium corporations	RATHER small and medium corporations	Both to the same degree	RATHER big, multinational corporations	Big, multinational corporations	Cannot answer
They provide many jobs.						
They provide for society.	—	—	—	—	—	—
They are important for our welfare.						
They improve the well-being of individuals.	—	—	—	—	—	—
They provide for the state.						

3 Equity norm via own situation

In the following section of the survey, we kindly ask you to share your opinion regarding the income tax and the overall living situation in the country you currently reside in.

Please state for each of the following statements whether you agree or disagree on a five-point scale, where 1 is “Fully disagree” and 5 is “Fully agree”.

Please assess the following statements about your own perception of tax.

	1 “Fully disagree”	2	3	4	5 “Fully agree”	Cannot answer
I perceive my amount of income tax to pay as fair.						
If I had a legal possibility to reduce my tax liability, I would do it.	—	—	—	—	—	—
There is a big difference between my salary before and after taxes.						
I perceive that there is a big difference in the amount of tax that individual citizens pay in my country.	—	—	—	—	—	—

Please assess the following statements about your own situation.

	1 “Fully disagree”	2	3	4	5 “Fully agree”	Cannot answer
I am satisfied with my own overall life situation.						
I am satisfied with my own financial situation.	—	—	—	—	—	—
I am satisfied with the income I have.						
I am satisfied with the tax system in my country.	—	—	—	—	—	—
Please assess the following statements about your current country and their public services.						

	1 “Fully disagree”	2	3	4	5 “Fully agree”	Cannot answer
My country is a good place to live.						
I am confident in the people running the government.	—	—	—	—	—	—
I think my taxes are well invested into public services like healthcare, education or infrastructure.						
I am satisfied with the quality of public services in my country.	—	—	—	—	—	—

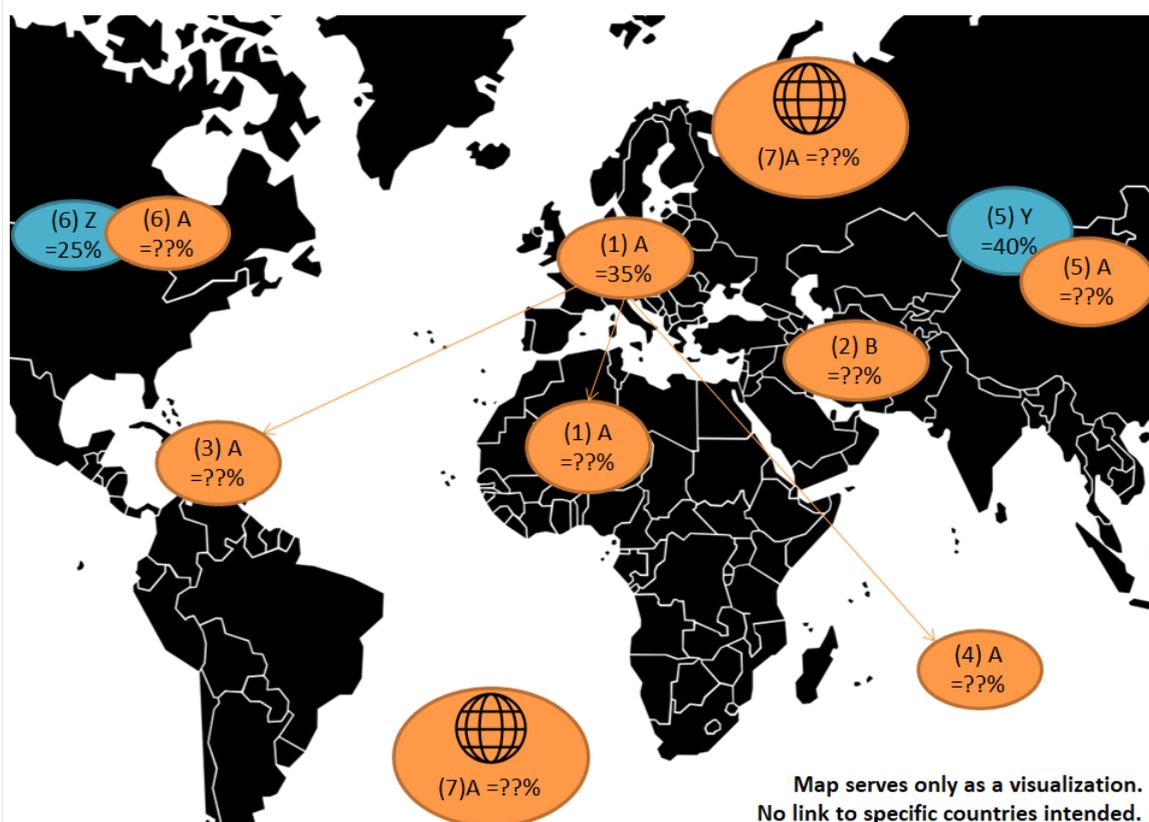
4 CTA evaluation

Big, internationally active corporations are operating in countries all over the globe and can hence use different legislations and regulations to their advantage, e.g., in regard to taxation. Due to this, corporations with the same characteristics (size, employees, turnover) may pay different effective tax rates based on their location in which they reside. Using such systems to one’s own advantage is defined as **Corporate Tax Avoidance**, which is legal – compared to Tax Evasion which is a felony/crime. In a broad sense, it can be defined as the use of various legal arrangements aimed at minimizing tax liability. While it reduces funds available for public spending in a company’s country of origin, it allows maximizing profits and, thus, increase wealth for shareholders and owners.

We would like to know: How do you perceive this topic and what do you think is a fair share for big, multinational corporations?

In order to support you in your evaluation, you can find a world map that emphasizes the statements 1 to 7 below in an figurative way. Each number in brackets in the bubbles refers to one of the statements below.

Please adjust the following percentage sliders to your own perception of fairness by moving the **blue buttons** or directly enter a value in the percentage box. Again, these sliders/values have no right and wrong answers, and it is all about your understanding of a fair value.



1. If you assume that the effective corporate tax rate of a big, multinational corporation named **A** is set at **35%** in one country, the fair effective corporate tax rate for a low tax country would be...

2. It can still be considered fair, when competitor **B** with the same characteristics like **A** (size, turnover, employees etc.) that is located in another country with a lower tax rate, pays the effective corporate tax rate of...

Bored / lethargic						Excited / elated
Angry / frustrated	—	—	—	—	—	Motivated / relaxed
Inactive / passive						Surprised / active

Please rate the following statements dealing with your behavior, where 1 is “Fully disagree” and 5 is “Fully agree”.

	1 “Fully disagree”	2	3	4	5 “Fully agree”	Cannot answer
I will not buy anymore from a corporation that avoids their tax payment.						
I will actively promote corporations that avoid tax avoidance.	—	—	—	—	—	—
I want to initiate change in regards to the tax system.						
I want to rebel against this system.	—	—	—	—	—	—
I will put less effort into society.						

	1 “Fully disagree”	2	3	4	5 “Fully agree”	Cannot answer
I consider corporate tax avoidance as a legal activity and hence my behavior will not change.						
I consider corporate tax avoidance as an unethical	—	—	—	—	—	—

activity and hence my behavior may change.							
I perceive tax-reducing activities of corporations as legitimate.							
I would vote for a government that leaves the tax system as it is.	—	—	—	—	—	—	—
I will try to reduce my own income tax liabilities by all means.							

6 international tax system and globalisation

Overall, how do you evaluate the international economic system and globalization?

Globalization can be described as the growing interdependence of the world's economies, cultures, and populations, that is triggered by increasing cross-border trade in goods and services, technology, as well as flows of investment, people, and information. Individuals experience this phenomenon through a constant exchange with people from foreign cultures, buying products from China or the US, as well as at work when dealing with customers or clients with multiple different cultural and linguistic backgrounds.

Please state for each of the following statements whether you agree or disagree on a five-point scale, where 1 is “Fully disagree” and 5 is “Fully agree”.

	1 “Fully disagree”	2	3	4	5 “Fully agree”	Cannot answer
The heterogeneity of cultures in my environment is something I enjoy.						
I am an advocate of globalization.	—	—	—	—	—	—
I think that most people benefit from globalization.						

Globalization makes the rich even richer.								
I enjoy international brands and companies.								

7 Equity Sensitivity Instrument

Congratulations, you have already completed 2/3 of the survey. Thank you so far!

Next, we would like to know from you, how you perceive the distribution of taxes and public resources and the role of the government/state in it.

On each question, divide 10 points between the two choices (choice A and choice B) by giving the most points to the choice that represents your opinion best and most adequately, and the least or no points to the choice that you disagree with. You can, if you would like, give the same number of points to both choices (for example, 5 points to choice A and 5 points to choice B). Just be sure to allocate all 10 points per question between each pair of possible responses.

1. It would be more important for me to have the possibility of...

Keeping the taxes for own investments.

Contributing to the state via my tax payments.

2. It would be more important for me to...

Use the money primarily for my own good.

Help others with my money.

3. Thinking about my taxes, for me it is more important...

What I contribute to the state (via my tax payments) to support others.

What I receive from the state (e.g. tax-financed public goods and services).

4. If I know that my taxes are poorly invested by the state or government,...

I would still pay my prescribed taxes.

I would try to reduce paying my taxes.

5. My personal philosophy rather is:
It's better for me to give than to receive.

If I don't look out for myself, nobody else will.

8 Cultural values

You have reached the last content-related page of the survey. Great!

Different cultures tend to perceive Corporate Tax Avoidance differently due to their history, their institutions or their embedded hierarchies.

Therefore, please help us understand by evaluating the following statements from “Fully disagree” (1) to “Fully agree” (5). You can drag the blue button to adjust the slider to your own evaluation. Please be advised that there is no right or wrong and no better or worse in these questions. It is only about your understanding of specific situations! **Moreover, these question allow you to determine your own cultural mindset which we can provide to you in the executive summary when the study is finished.**

Your hierarchical understanding in everyday life:

People in higher positions should make most decisions without consulting people in lower positions.	
People in higher positions should not ask the opinions of people in lower positions too frequently.	
People in higher positions should avoid social interaction with people in lower	

positions.	
People in lower positions should not disagree with decisions by people in higher positions.	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
People in higher positions should not delegate important tasks to people in lower positions.	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
Your preference for rules and instructions:	
It is important to have instructions spelled out in detail so that I always know what I'm expected to do.	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
It is important to closely follow instructions and procedures.	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
Rules and regulations are important because they inform me of what is expected of me.	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
Instructions for operations are not always relevant and important.	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
Standardized work procedures are helpful.	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
Your understanding of the importance of a group:	

Individuals should sacrifice self-interest for the group.	
Individuals should stick with the group even through difficulties.	
Group welfare is more important than individual rewards.	
Group success is more important than individual success.	
Group loyalty should be encouraged even if individual goals suffer.	
Individuals should only pursue their goals after considering the welfare of the group.	
Your gender understanding:	
It is more important for men to have a professional career than it is for women.	
Men usually solve problems with logical analysis; women usually solve problems with intuition.	

Solving difficult problems usually requires an active, forcible approach, which is typical of women.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
There are some jobs that a woman can always do better than a man, and others where it is the opposite.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Your future orientation:			
Careful management of money is important.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Going on resolutely in spite of opposition is important.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Personal steadiness and stability is important.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Long-term planning is important.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Giving up today's fun for success in the future is important.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Working hard for success in the future is important.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Moderators			
Thank you very much for your evaluation. Finally, we just want to inquiry a few			

demographics about you.							
What is your gender?							
	Male		Female			Third / non-binary	Prefer not to say
How old are you?							
What is your nationality?							
Drop-down menu with all possible citizenships.							
In which country do you pay taxes?							
In case, you do not pay taxes (now/yet), please specify where you have payed/will most probably pay your first income tax.							
Drop-down menu with all possible citizenships.							
What is the highest degree or level of education you have completed?							
This question is asked due to multiple empirical studies that confirm that education may have an impact on tax attitude.							
						High School	
						Apprenticeship (German: Ausbildung)	
						Bachelors	
						Masters/Diploma	
						Doctorate	
						Other	
Please specify the industry of your current job.							
If you do not work (yet), e.g. as a student, please choose "No job".							
						Agriculture and Forestry	
						Chemical Industries	
						Commerce	
						Construction	

<input type="checkbox"/>	Education
<input type="checkbox"/>	Energy
<input type="checkbox"/>	Financial and Consulting Services
<input type="checkbox"/>	Food; Drink; Tobacco
<input type="checkbox"/>	Health Services
<input type="checkbox"/>	Hotels; Tourism; Catering
<input type="checkbox"/>	Mechanical and Electrical Engineering
<input type="checkbox"/>	Media and Culture
<input type="checkbox"/>	Mining and Basic Metal Production
<input type="checkbox"/>	Postal and Telecommunications Services
<input type="checkbox"/>	Production Services
<input type="checkbox"/>	Public Services
<input type="checkbox"/>	Social Services
<input type="checkbox"/>	Textiles and Clothing
<input type="checkbox"/>	Transportation
<input type="checkbox"/>	Utilities
<input type="checkbox"/>	No job (student or not currently employed)
<input type="checkbox"/>	Other Sectors
What religious family do you belong to or identify yourself most with?	
This question is asked due to a few empirical studies that confirm that religious affection may have an impact on tax attitude.	
<input type="checkbox"/>	Buddhism
<input type="checkbox"/>	Christianity
<input type="checkbox"/>	Folk religions
<input type="checkbox"/>	Hinduism
<input type="checkbox"/>	Islam
<input type="checkbox"/>	Other
<input type="checkbox"/>	No religion (atheist)
<input type="checkbox"/>	Prefer not to say
Which political view or ideology do you most identify yourself with?	
This question is asked due to a few empirical studies that confirm that political views may have an impact on tax attitude.	
<input type="checkbox"/>	Anarchism
<input type="checkbox"/>	Communism

<input type="checkbox"/>	Conservatism
<input type="checkbox"/>	Environmentalism
<input type="checkbox"/>	Liberalism
<input type="checkbox"/>	Nationalism
<input type="checkbox"/>	Socialism
<input type="checkbox"/>	Social Democratic
<input type="checkbox"/>	Other
<input type="checkbox"/>	Prefer not to say
Where would you place your political orientation on a left-to-right scale?	
Left to right scale.	
My political orientation can be best classified by:	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Left to right scale.	
How much time have you spent outside your home country for non-touristic purposes like studies or work?	
This question is asked due to a few empirical studies that confirm that international experience may have an impact on tax attitude.	
<input type="checkbox"/>	Up to 6 months
<input type="checkbox"/>	Up to 1 year
<input type="checkbox"/>	Up to 2 years
<input type="checkbox"/>	Up to 3 years
<input type="checkbox"/>	Up to 4 years
<input type="checkbox"/>	Up to 5 years
<input type="checkbox"/>	Up to 10 years
<input type="checkbox"/>	More than 10 years
<input type="checkbox"/>	No international experience
10 Income tax	
Have you ever paid income tax?	
Support: if you are/were employed, you automatically need(ed) to pay income tax. Students, pupils or unemployed individuals with a low income (below 400€ in Germany) do not need to pay income tax.	
<input type="checkbox"/>	Yes
<input type="checkbox"/>	No
10.1.1 Filter	

Which percentage of your income do you pay (approximately) as income tax?

0-15%

16-30%

31-39%

40-45%

above 45%

Prefer not to say

I do not know



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