

## Abstract

This thesis provides a cross-country analysis of potential tax revenue losses due to the ways different countries tax over-border dividend and interest incomes of multinational enterprise. Withholding taxation of outgoing dividends and interest payments is regulated by domestic tax rules as well as bilateral double tax treaties. The signing of such a treaty might substantially reduce the tax rate levied by the source country on the outgoing passive income and thus decrease its tax revenue. We create a large panel dataset and estimate withholding tax rate elasticities of dividend and interest outflows for a large set of countries around the world. Subsequently, we use these elasticities to estimate potential tax revenue losses due to outgoing dividend and interest payments for the source countries in our dataset. The results show highly elastic dividend outflows, 2.3% - 2.58% decrease related to 1% increase in the applicable withholding tax. We also find substantial tax revenue losses due to dividend outflows for a number of source countries, the largest for Canada (1.35 - 3.19 billion USD) and the United States (2.27 - 2.94 billion USD). The investor country behind the largest part of potential losses shows up to be the Netherlands.

**JEL Classification** F21, F23, H25, H26

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