

## Abstract

The thesis focuses on base erosion and profit shifting (BEPS) and resulting corporate income tax gains or losses. I first estimated profit shifting semi-elasticity using database of firm-level financial data. Subsequently I used these estimates to calculate corporate income tax gains or losses for individual countries. I estimate several models to see how much the semi-elasticity depends on specification and what affects it. The evidence suggests that companies do shift profits to countries with lower tax rate. The estimated overall profit shifting semi-elasticity ranges from 1.524 to 3.695 for different specifications of the benchmark model. Semi-elasticity of individual countries increases with financial secrecy score. Using statutory tax rate yields stronger results than using country-level effective tax rates calculated from the financial data. The estimated effect on government revenue ranges from 12% loss to 23% gain of corporate income tax revenues. In the sample of 53 countries with sufficient number of observations this translates to overall loss 48 billion US dollars.

**JEL Classification** F23, F68, G38, H25, H26, H87

**Keywords** base erosion, profit shifting, corporate income tax, financial secrecy

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