

Abstract

The paper reviews the state and recent changes in corporate income taxation in the European Union (EU) and major Organisation for Economic Cooperation and Development (OECD) countries. It also reviews coordination measures proposed and adopted in the EU so far. This empirical evidence is related to theoretical results on international tax competition. On this basis I conclude that tax competition has contributed to move the system of international capital taxation in an economically desirable direction. Although EU and OECD efforts to promote non-discrimination ('Code of Conduct') and curb international tax engineering strategies in multinational enterprises are desirable, a further harmonisation of corporate tax systems does not seem to be warranted.