

CASE STUDY: TAX SPAF

What is "tax sparing" "! at "hing

Art0 2< E,i! inati(n (.\$(**P#toxoti(n))) (.th# R9S tr#at') 10 In th# "as# (.Stat# R+\$(*8,# taxati as .(,,(7s: s*8)#"t t(th# #xisting pr()is Stat# R r#gar\$ing th# \$#\$*"ti(n .r(! ta R (.tax pai\$ in a t#rrit(r' (*tsi\$# Stat# k an\$ t(an s*8s#E*#nt ! (\$i.i"ati(n (.th(s# pr()isi(ns - 7hi"h sha,, is pr()i\$#\$ *n\$#r th#,a7s (.at# S (n pr(.its+ in"(! # (r gains)) \$#\$*"t#\$.r(! an' Stat# R tax n pr(.its+ in"(! # (r gains))

Art0 2< E,i! inati(n (.\$(* (.th# R9S tr#at' 20 B(r th# p*rp(s#s (.paragraph 1+ tax pa'a "(!pan' 7hi"h is a r#si\$#nt (. Stat# R sha,, 8; a!(*nt 7hi"h 7 (*,\$ ha)# 8##n pa'a8,# as Sta .(r an #x#!pti(n .r(!+ (r r#\$*"ti(n (.+ tax gran part th#r#(.*n\$#r an' (. th# .(,,(7ing pr()isi(ns (. Stat# S ,a7: a% t() \$% [references to specific tax incentives in State S tax] graph+ th# a!(*nt (. Stat# S tax sha,, 8# s i"ipi#nt (. th# \$i)i\$#n\$s is th# 8#n#.i"ia, 2 p#r "#nt (. th#)(ting st("- (. th# # \$i)i\$#n\$s+ h#r "as#s+ an\$ an\$ r('a,ti#s+ 1C p#r "#nt0)



