

Business model digitalization, competition and tax savings

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Abstract

Digitalization is the driving force behind economic growth in recent years. At the same time, in the realm of taxation, policymakers fear that digitalizing their business model also allows firms to reduce their tax burdens. The concern is not only that governments will lose tax revenues but also that firms can exploit digitalization-related tax planning opportunities to strengthen their competitive advantage. In this paper, we study in how far tax savings from digitalization affect competition.