

## HOW CAN A FIRM MINIMIZE ITS GLOBAL

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### I. INTRODUCTION

Tax liability is a process by which companies or individuals pay a certain amount of tax because of particular income earned. The tax usually incurred due to earning income, where the multinationals that denied administrations of the pay essential for development. Tax avoidance methodologies that advantage multinational enterprises have been adopted to maintain a strategic distance from their duty commitments or draw, yet it appears that the general impact of these arrangements is insignificant. The reality, be that as it may, is that expense law does not occur by accident. In general, this is a prudent and deliberate consequence, especially in the case of aggressive tax evasion planning. This sector has enormous resources because tax evasion is far superior to other types of financial services. In this article, some of the strategies used by multinational companies presented for tax evasion, which continues to increase over time. In fact, these avoidance strategies do not fall from the sky; they are the intellectual property of lawyers, accountants, banks and other financial experts.<sup>1</sup>

### II. STRATEGIES

Strategy trends that if governments around the world reduce their profits, they must be identified to ensure that laws and policies connect the world to discourage economic injustice due to tax evasion strategies used by governments. There is no lawful or reasonable commitment for administrators to yield to tax avoidance or assessment shirking. Interestingly, tax avoidance methodologies are an alternative looked for by multinational organizations: installment status and media compliments.<sup>2</sup> It is imperative to take note of that organizations once in a while give data about their escape and flight methodologies that for their advisory groups, courts have been tricky, controllers and investigative columnists have drawn people in general's consideration. Some of these systems incorporate the utilization of duty sanctuaries, innovation exchange valuing, bookkeeping, and producing for outsiders, twofold Irish and Dutch

<sup>1</sup> Bloomberg: 'Google 2.4% Rate shows how \$60 Billion is to Tax Loopholes'  
<http://www.bloomberg.com/news/articles/2010-10-21/google-2-4-rate-shows-how-60-billion-u-s-revenue-lost-to-tax-loopholes>

<sup>2</sup> Draft Handbook on Transfer Pricing Risk Assessment Prepared by the Steering Committee of the OECD Global Forum in November, 2011.

sandwich, among others. <sup>3</sup>These procedures expect to augment benefits in the nations of the world and are made conceivable by experts and seaward money related focuses. The vast majority of these strategies viewed as real duty findings for multinational organizations, in spite of the fact that the line between tax avoidance and tax avoidance is as yet misty. <sup>4</sup>These organizations assess arranging as an occurrence in their business that reaches out to various purviews. The lawful avocation for the honest to goodness decrease of duty commitments originates from the acclaimed.

Lord Tomlinsaid: "Get your business on the subject of passing laws smaller than it would be if this outcome were secured may be necessary, so no matter how much the financial officers or their fellow citizens appreciate, their ingenuity cannot be forced is to pay a tax increase, this so-called "substance" doctrine. Subsequently, it seems to be merely an attempt to accuse a man, though he has settled his affairs so that the amount of the legally prescribed tax is necessary".<sup>5</sup>

### III. PROBLEM STATEMENT AND FACTORS

Decided to support the principle as above, it is clear that all companies have the opportunity to do tax planning to minimize tax liability legislation in the territory in which it operates, but this should discourage aggressive actions. Additionally, the Development of multinational companies, transferring and merging to international markets, should consider the formation of a proper taxation system.<sup>6</sup> There is no reason for Corporate Impulse and

<sup>3</sup> Boden D (2014): 'The Business of Talk', cited in O.J Otusanya: 'An Examination of Tax Leakages in Government Tax Revenues: 'The Case of Nigeria' 2013, International Journal of Economics & Accounting Vol. 4. No. 1. 98

<sup>4</sup> Draft Handbook on Transfer Pricing Risk Assessment Prepared by the Steering Committee of the OECD Global Forum in November, 2011.

<sup>5</sup> Boden D (2014): 'The Business of Talk', cited in O.J Otusanya: 'An Examination of Tax Leakages in Government Tax Revenues: 'The Case of Nigeria' 2013, International Journal of Economics & Accounting Vol. 4. No. 1. 98

<sup>6</sup>Weiler.J.H.H. (2003). "Chapter 2, Federalism without Constitutionalism: Europe's Sonderweg". The federal vision: legitimacy and levels of governance in the United States and the European Union. Oxford University Press.ISBN 0-19-924500-2. Europe has charted its brand of constitutional federalism. It works. Why fix it?

Government Revenues around the globe to reduce. In conclusion, this concerns the fiscal injustice caused by the Strategies, and it is with the agreement between the OECD companies and the Anti-Escape Measures of the Economy of the Arbitration Fund in these provinces. Meaning that the exposure is. Thus, the essence of the CES documents extinguished1 form of aggression and contests the Prince of Equality; a fundamental weakness for taxes<sup>7</sup>

- A country where this Company exists: this is due to different levels in different countries. Because of low tax rates, the international community may choose to build their headquarters in one country.
- Additionally, active companies are: branches of international companies need several offices in different areas, and the issues to determine the area of these industries in areas. The company may choose a small deposit on a port such as the Cayman Islands, Bermuda or Switzerland.
- The organization is incorporated into gather structure; organizations choose not to incorporate the organization's hierarchical structure, primarily due to the commitments that may harm the structure of the gathering.
- What is the state of business relevant to Group companies? International phone calls "transfer prices." Transfer price is a strategy for reducing tax debt by conducting a product assessment and product within the group structure for activities to reflect the market issue.<sup>8</sup>
- Other issues include the cost of a company, sales, assets, where the mortgage loan in which their intellectual property company will be located in the company proposes the special tax that the company employs its employees. Right, etc.<sup>9</sup>

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All these factors have a direct impact on the tariff rate that international companies pay to the government, and therefore, it is important to create their business. International companies have the reputation of using policy shortcomings and tax laws around the world to

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<sup>8</sup>Weiler.J.H.H. (2003). "Chapter 2, Federalism without Constitutionalism: Europe's Sonderweg". The federal vision: legitimacy and levels of governance in the United States and the European Union. Oxford University Press.ISBN 0-19-924500-2. Europe has charted its brand of constitutional federalism. It works. Why fix it?

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reduce their tax obligations significantly. It is unusual that countries and different tax laws. Taking, for example, the profit tax profits of international companies in the United States, so that when the income level returns to the United States ruling, the income tax has been deferred in the United States. Other heart companies to change their profits abroad or to hide profits as income outside the United States by building branches in the country of tax exemption or free tax because companies do not pay income taxes, they pay foreign exchange subsidiary subsidies this for a parent company in the United States. It is proposed to prevent tax evasion on international companies. <sup>11</sup>We are looking for a standard tax problem to try to deny international companies to "play creativity" through transfer, low capital, foreign exchange, or another global corporation strategy.<sup>12</sup>

#### IV. DISCUSSION

For the government's revenue collection sector to improve, it has to formulate optimal and proper financial and fiscal policies to make sure that taxation process is economical and follows the rules of taxation. Tax liability, in its simple form, is the amount of money that individuals and governments incur as a result of earnings. To further understand the concept of tax liability and how it is significant to the economy, it is essential to make a close analysis of the taxation principles.<sup>13</sup>

The sum, time and way of imposition of taxes should be convenient in as much as it should be specific. In the event that land income gathered at the season of collect, it will be advantageous since as of now agriculturists harvest their yield and acquire pay. Currently, endeavors have made to influence the Indian pay to charge helpful to the citizens by accommodating its taxes to be convenient. Further, wage charge in India, for instance, is collected based on salary got as opposed to wage accumulated amid a year. Therefore, this likewise influences the wage to assess framework advantageous. Be that as it may, there is a considerable measure of badgering of the citizens as they are requested to go to the salary

<sup>11</sup> Boden D (2014): 'The Business of Talk', cited in O.J Otusanya: 'An Examination of Tax Leakages in Government Tax Revenues: 'The Case of Nigeria' 2013, International Journal of Economics & Accounting Vol. 4. No. 1. 98

<sup>12</sup> F Charles Duhigg& David Kocieniewski: 'How Apple Sidesteps Billions in Taxes' New York Times  
[http://www.nytimes.com/2012/04/29/business/apples-tax-strategy-aims-at-low-tax-states-and-nations.html?\\_r=1](http://www.nytimes.com/2012/04/29/business/apples-tax-strategy-aims-at-low-tax-states-and-nations.html?_r=1)

<sup>13</sup>Weiler.J.H.H. (2003). "Chapter 2, Federalism without Constitutionalism: Europe's Sonderweg". The federal vision: legitimacy and levels of governance in the United States and the European Union. Oxford University Press.ISBN 0-19-924500-2. Europe has charted its brand of constitutional federalism. It works. Why fix it?

impose office a few times amid a year for illuminations of their wage government forms.<sup>14</sup>

Equity, in the principles postulated by Adam Smith, should be distinguished from equality in the sense that not everybody should pay the same amount of taxes. Equity truly implies that taxes should distribute according to the level of individuals earnings. Rich individuals should pay more taxes as compared to the poor. This is on the grounds that the measure of tax liability ought to be in the extent of the capacities of the citizen in the economy. It is one of the key ideas to get social equity the nation. The group of correspondence expresses that there ought to be equity, as equity, with regards to paying charges. Not exclusively does it bring social equity, it is additionally one of the essential means for achieving the equivalent dispersion of riches in an economy. In any case, modern market analysts translate equity or capacity to pay uniquely in contrast to Adam Smith. In view of the supposition of Marginal Utility of money income, they contend that capacity to pay rule calls for dynamic pay to assess, that is, the rate of expense increments as pay rises. Presently, in the vast majority of the nations, dynamic arrangement of salary and other direct assessments have been embraced to guarantee equity in the expense framework.<sup>15</sup>

The taxation framework ought to be with the strategic goal that attaches the taxes to the income through a certain percentage of the income. While taking a choice about the measure of work exertion that a man should put in or how much speculation should he embrace under hazardous conditions. Also, one should know with sureness the unequivocal measure of the assessment payable by him on his wage<sup>16</sup>. In the event that the total of duty payable by him is liable to much tact and discretion of the expense evaluation specialist, this will debilitate his motivating force to work and contribute more. In

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<sup>16</sup>Bloomberg: 'Google, 2.4% Rate, shows how \$60 Billion is to Tax Loopholes'  
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addition, the absence of certainty in the assessment framework, as pointed out by Smith, empowers corruption in the duty organization. Consequently in a decent assessment framework, "people ought to be secure against erratic expenses exacted on their wages or different salaries. The law ought to be precise and particular; tax collectors ought to have little circumspection about the amount to evaluate taxpayers.

## V. REDUCING TAX LIABILITY

It is a smart thought to assert every one of tax deductions from the qualified petitioner. For the assessments where the administration has an arrangement for tax deductions, it could be the most reflexive and proper move to consider. Subsequently, this is the place impose readiness programming can truly prove to be useful to help in the computation of the conclusions and the net assessment from that point.<sup>17</sup> On the off chance that you need to lessen your risk for evaluation you can likewise alter your finance tax exclusions. There are diverse schools of thought around this expense system, however. If you have too little withheld the person will owe more at taxation time.

## VI. EVALUATION

An examination of the recruitment of multinational corporations to avoid taxes can be best clarified in structuration hypothesis, which proposes that performers and structures don't exist autonomously and cannot be seen independently. Regardless of whether there is an exterior of "various identity" for the law and can go with every autonomous backup of the parent company and carry out its multinational operations structure, in a way that is still collectively rational, the pretext of social factors involved in activities aimed at goals within a well-defined limit.<sup>18</sup>

Transfer pricing involves the determination of selling prices between the different companies of a multinational. It assessed that over 60% of worldwide exchange is currently intra-industry exchange among the branches of a solitary multinational. The exchange cost characterized as the procedure by which the auxiliaries of the multinationals are consulted to decide the yield of each organization.<sup>19</sup> Examination, documentation, and modification of rates". Between parties identified with merchandise,

<sup>18</sup> Double Irish Arrangement:  
[https://en.wikipedia.org/wiki/Double\\_Irish\\_arrangement](https://en.wikipedia.org/wiki/Double_Irish_arrangement)

<sup>19</sup> Boden D (2014): 'The Business of Talk,' cited in O.J Otusanya: 'An Examination of Tax Leakages in Government Tax Revenues: 'The Case of Nigeria' 2013, International Journal of Economics & Accounting Vol. 4. No. 1. 98

administrations or utilization of advantages (counting elusive resources). While it is a real blue for judicious multinational organizations to decide the costs of products and ventures sold in an organization, it is the cost of damaging pictures, frequently alluded to as fake prices that severely compromised. Prices sold excluding subsidiaries outside the transaction under conditions of mutual independence between independent entities.<sup>20</sup>

According to the literature review, it stated that the transfer price is at the forefront of international taxes. The reason is clear. Price transfer is a consistent strategy that prevents government benefits from a supply of profits to the primary tax authorities in lower tax authorities. As two companies jointly owned, they do not want the best price for one company but the price that will produce the best results for global companies that are property. The companies share profit between two branches, so they must pay low tax administration to higher taxes that by way of tax deduction in the tax authorities as generated.<sup>21</sup> Benefits Given the fundamental reason why the tax paid.<sup>22</sup> By providing the funding needed for development and growth, the state receives the funds needed to fulfill their obligations when international companies are using a transfer price strategy. The effects of the decline in income mainly<sup>23</sup> Observed in developed and developing countries that are striving to provide essential services needed for their growth.<sup>24</sup> For example, Group Danzer has dedicated to the International Group of Entities in the Democratic Republic of Congo (DRC), various ways, including the transfer price, which is used to reduce your liability to the Democratic Republic of Congo. And avoid 7.8 million tax revenue. Greenpeace International believes that this significant loss of debt reduction strategy Danzer Also, 80% of public investment in public health in 2000, the cost of

vaccination can be received over 700,000 Euros and two children. Hence the Ministry of Environmental Affairs budget Congo, the annual work of the Democratic Republic of Congo.]<sup>25</sup>

The Democratic Republic of Congo has a country because of poverty, lack of essential medical care and lack of education and other social problems The Third World, and not to deal with the injustice and many challenges we face as a nation. Hence, to determine the negative impact of moving the world over, the government has tried to reduce this strategy price, and stable prices in Ontario are not fit. Modifications generated by activities are free. The principle of armor length could cost the amount, which meant the expense of independent and market companies.<sup>26</sup> This activity also indicates the relationship between two partners running because they are not related, so it is not a conflict of interest. Whenever international people get the results of this level, the transfer price of "ABUS," as defined as "adjusting the incurred shipping price among branches of international organizations, or rather than the sale of goods and services of international companies' relationship." Other artificial products "International transfer rate as a reduction strategy for the following reasons for tax duties:<sup>27</sup>

1. Taxes are costs
2. Costs should be kept to a minimum
3. Your commitment to your shareholders requires you to avoid taxes.

Also, the budget rules aim to control the transfer rates between permanent, branch and institutional companies in international companies and companies in connection with the transfer of tax benefits, such as rent and social tax in international companies.<sup>28</sup> The Price Transfer Act We have decided that everyone pays for payment. Taxpayers can generate revenue from companies in the districts.<sup>29</sup> After tax without

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<sup>24</sup> Clausing K. A: 'The Impact of Transfer Pricing on Intra Firm Trade' cited by Hines, J. R: 'International Taxation and Multinational Activity' (2000) University of Chicago Press, Páginas 173-200.

<sup>25</sup> Draft Handbook on Transfer Pricing Risk Assessment Prepared by the Steering Committee of the OECD Global Forum in November, 2011.

<sup>26</sup> Desai, M.A., C.F. Foley and J.R. Hines: 'A multinational perspective on capital structure choice and internal capital markets' (2004), The Journal of Finance 59, 2451.

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pay, it caused by the transfer of international companies that depend on companies, as the strategy for avoiding taxes is a lack of justice that often used, it is vital that the country has taken an extension of the state-owned military, part of the derivatives. To promote financial equity, they have developed Advanced Transfer Pricing Guidelines (OECD) for companies with the Government of the International Economic and Development Organization (MOU) in 2010 (guidelines) with international guarantees of accessibility to the market.<sup>30</sup>

The law enforcement of transfer prices to member companies begins with comparison with companies that make sure they relate to the activities that the activity is equal. The country's price control guarantees that fines are paying most of the "institutions" instruments according to the tax laws of the countries that initiated. The International Tax Act assumes that the income from the distribution is a special taxpayer, which provides the right to pay the country's income over the taxpayers living. For solid, institutional, on the other hand, this structure is usually in transition, which results in increasing the benefits of solid installation which pay for the source. It should be in the permanent establishment of false taxpayers and transactions between equipment under "market," and the central government treated. The main reason why the exchange between each opening company is different from the competition is the fact that companies can change their activities around the world to reduce the tax burden. For example, companies can use pricing transfer systems that allow transfer transfers to low-interest rates and lower interest rates.<sup>31</sup> Seeing how international companies can benefit from transfer prices, leadership is needed because the transfer price of taxpayers and tax authorities is crucial since it largely determines income and discounts. In essence, the transfer price eliminated by an increase in cost or cost product, network service within a sequence of companies based on their sites in the highest tax authorities or any jurisdiction.<sup>32</sup> Given the financial point of view, with tax aggression plans for international companies compliant with controversial border transactions, tax

authorities are cautious, and some have provided guidelines on transfer prices. However, it may be difficult to determine how much-unseen goods are in the market environment. Property law transfer laws are due to the cost distribution system that several members contribute to the highest cost. If an intangible property not yet established by the parent company, the branches pay for the purchase. In these cases, it is challenging to determine the price of the full competition. Companies may have their own transfer price rules; however, the transfer price rules applicable to each country should be respected.<sup>33</sup>

The law of transfer price is fundamental in the fight against the global evasion strategy, but one of the leading problems facing the tax authorities is to determine "freedom," especially if the price is immaterial. Two chiefs sponsor the company. The credit company, especially within the international structure, is important because it affects the amount of money paid at the expense to reach the income tax. For example, debts and interest can be obtained when a tax authority receives more credit from another subsidiary company in a small tax forum, a tax paid by a subsidiary company.<sup>34</sup> Great financial control has reduced significantly and, despite the fact that the capital is supposed to pay, it also pays tax interest. On the other hand, the credit provider's share is not a tax. Smallholder is a tax-offensive approach; international branches are financed primarily by parent debt rather than social capital. It is often called "secret capital" or "secret capital."<sup>35</sup>

In essence, the transfer price is eliminated by an increase in cost or cost product, network service within the sequence of core companies in their areas by higher tax authorities or any jurisdiction. Given the financial point of view, with plans for tax invasion to international companies to meet crisis transactions until tax authorities are cautious and some have given guidelines on transfer prices. However, it may be difficult to determine the number of products that are not visible to the market.<sup>36</sup> The law of transfer law ownership is due to the distribution system costs several members to contribute to higher costs. As an invisible property is

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<sup>30</sup> Simons, R. (2013). *Levers of control: how managers use innovative control systems to drive strategic renewal*. Harvard Business Press. J.H.H

<sup>31</sup>Weiler.J.H.H. (2003). "Chapter 2, Federalism without Constitutionalism: Europe's Sonderweg". The federal vision: legitimacy and levels of governance in the United States and the European Union. Oxford University Press.ISBN 0-19-924500-2. Europe has charted its brand of constitutional federalism. It works. Why fix it?

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still stable by the parent company, branches pay for the purchase. In these cases, it is challenging to determine the price of the full competition. Companies may have their own transfer price rules; However, the transfer price rules applicable to each country should be respected. The law of transfer price is fundamental in the fight against global transfer strategy transfer pricing strategy, but one of the leading problems facing the tax authorities to determine "freedom," especially if the immaterial price has repaired.<sup>37</sup>

The company is sponsored by two senior officials. The credit company, especially within the international structure, is important because it affects the amount of money paid at the end of the income tax. For example, debt and interest can be obtained when the tax authorities earn more profit from another subsidiary company on a small tax forum, a tax paid by a subsidiary company. The significant control of money has become significant and, although it is thought that the capital must pay taxes also pays interest. On the other hand, the credit provider's participation is not a tax. The small farmer is a tax offensive approach, international branches mainly through parental debt rather than social capital. It is often called a "secret capital" or "secret capital."<sup>38</sup>

The crucial part of tax plans for international organizations is their ability to create their funds, not only for the community but also for debt and equity. Even members obtain external loans, international companies can apply for mortgage loans to increase the influence of branches in the higher tax authorities. Over tax authorities now see less or zero due to the small capital income. Protection from higher income countries continues to lend to companies that operate in lower tax authorities. In dealing with the strategy, the government will accept restrictions or eliminate the benefits of the law, which is a form of restriction barrier.<sup>39</sup>

It provides a loan rate that you can borrow and the interest rate paid by international companies. For example, says US tax, if the rate of infections is

higher than 1.5 percent and the brokerage rate exceeds 50% of him's annual income tax has been set to over 50% not discounted. Consequently, this interest barrier also used for the interests of independent parties who do not pay donors. In practice, the small regulatory law largely in direct financial debt to shareholders. The law prohibits tax management or telephone series when the franchisee pays out external debt but has been verified or certified by the bank.<sup>40</sup>

## CONCLUSION

One merit of this system is its provision for integration of financial management and operational management in a firm. In a company, operational management entails how administration in the business occurs and how labor and other materials in the enterprise gets converted to produce maximum output to the venture. This move aims to utilize them to provide maximum gains to the firm. On the other hand, financial management depicts how money in a firm gets managed effectively and efficiently. It is the top management that handles managing these finances.<sup>41</sup>

An enterprise management system, therefore, merges the operations of the firm with financial management by allowing the operations department to have data, enabling them to make informed decisions. While companies reap the enormous benefits associated with the use of enterprise management systems, other companies have counted failures resulting from the inability to harness the benefits that come with the use of many business management systems.<sup>42</sup>

Failure of these systems to achieve the expected returns can get attributed to numerous factors. First, the firm's management. Most of the management of humongous companies aims to consolidate powers among themselves and ignores reports that emanate from this system. This approach leads to the inability of these systems to achieve critical benefits. Another problem causing failure by these firms is inadequate

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to control during the entire process of creating the applications. Some of these systems fail to achieve the desired function. One the other hand, others are not tailored to meet the organizational needs due to insufficient research a move that causes them to be of no help to the firm.<sup>43</sup>

Enterprise management systems depict an approach that any company should work hard to use. The use of this system will provide the company's management with a clear image of how the business is performing.<sup>44</sup> This move allows them to make decisions which they know the consequences of implementing or not implementing. Several companies have utilized these systems and failed to get the expected benefits. This move implies that the success of such systems lies in the willingness of the management to work based on data and competency in the design of such systems.

Some of the strategies discussed above are because companies and taxes reduce government revenues around the world. However, there was resistance to the fight against the injustice caused by these strategies and avoiding the average economy of host governments according to the agreement between the OECD and the functioning of enterprises. In this sense, the exposition is not in sight, but the essence of this document is undoubtedly a way of making an assault in question, which denies the principle of equality; a basic tax rate.

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