

The globalization of financial markets

Business



Markets have become globalized, yet tax structures have remained national. Open borders cause exaggerated tax competition, which in turn leads to a race to the bottom for the companies. Transparency of financial markets means correct management of all information related to capital flows that also include full tax revenue. Although developing countries have often been reprimanded for their insufficient and malfunctioning financial and tax systems, they are not the only guilty parties for the failure of the system. There is a vital activity from both on a national and international scale is the necessary task to control the general loss of revenue.

International tax competition and harmful tax practices are providing more and more opportunities for some parties to escape their tax obligations. In this scenario, the burden of taxation will be shifted to some other segments like ordinary citizens.

The issue of additional clarity and freedom in exchanges of information between countries with regards to tax matters has become necessary to help many tax administrations to deal effectively in the context of the globalization of world economies.

Hence the current study proposes to identify the tax scenario in the global finance markets. Also the study intends to observe the global initiative and the regulations to clear out the and the disparities between the ability of developed and developing countries to obtain and provide the required information for the effective control of harmful tax competition and tax evasion issues.

By doing such a study the current research intends to make some recommendations to strengthen the current tax system of the global financial market.

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Research Problem Area:

Tax issue in the global financial markets.