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**TAX HARMONIZATION IN
NORTH AMERICA**

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Abstract

This article investigates whether or not the members (the "Member States") of the North American Free Trade Agreement should negotiate an agreement to adopt common tax measures such as the same statutory tax rate or tax base for corporate income taxes. By agreeing to adopt similar measures, the Member States would undertake "tax harmonization". The paper concludes that the Member States should not harmonize taxes as the economic benefits derived through harmonization are outweighed by the costs. The main cost from the perspective of the governments of the Member States would be the loss of control over domestic tax policy that occurs when a country agrees to be bound by a set of tax rules at the supranational level.

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