Statutory tax rates (STRs) have reduced during the last two decades, which may suggest that host countries are competing against each other to attract foreign direct investment (FDI). At the same time, home countries are competing against each other to locate their resources in host zones with low labor costs and high returns on capital. In this research, I would like to study the inter-correlation between the STR and the FDI, thus analyzing the competition among the home countries and among the host ones. This study includes thirty countries from five different continents, which are both OECD and non-OECD ones. The four home countries are the United States, the United Kingdom, France, and Germany. The estimations indicate that multinational corporations (MNCs) are attracted to the host countries with low statutory tax rates (STRs). With respect to the competition among the four home countries, the one with high GDP and large population has advantages to benefit from increasing foreign assets. On the other hand, there is no evidence of the tax competition among the host countries; that is, they do not reduce the STRs in order to compete with each other to attract FDI. My research result is consistent with earlier literature that a low statutory tax rate is an important factor in a MNC’s decision to invest abroad. However, I do not observe any direct tax competition among the host countries, which is inconsistent with Devereux’s, Lockwood’s, and Redoano’s results (2008). There is no distinction in the impacts of independent variables on FDI in the four host countries. On the other hand, the impact of a low STR on increasing FDI is more significant in Asian and African host countries, compared to European and OECD ones.

In this research, I would like to study the inter-correlation between the STR and the FDI, thus analyzing the competition among the host countries, which is inconsistent with Devereux’s, Lockwood’s, and Redoano’s results (2008). There is no distinction in the impacts of independent variables on FDI in the four host countries. On the other hand, the impact of a low STR on increasing FDI is more significant in Asian and African host countries, compared to European and OECD ones.

The estimates indicate that multinational corporations (MNCs) are attracted to the host countries with low statutory tax rates (STRs). With respect to the competition among the four home countries, the one with high GDP and large population has advantages to benefit from increasing foreign assets. On the other hand, there is no evidence of the tax competition among the host countries; that is, they do not reduce the STRs in order to compete with each other to attract FDI. My research result is consistent with earlier literature that a low statutory tax rate is an important factor in a MNC’s decision to invest abroad. However, I do not observe any direct tax competition among the host countries, which is inconsistent with Devereux’s, Lockwood’s, and Redoano’s results (2008). There is no distinction in the impacts of independent variables on FDI in the four host countries. On the other hand, the impact of a low STR on increasing FDI is more significant in Asian and African host countries, compared to European and OECD ones.

In this research, I would like to study the inter-correlation between the STR and the FDI, thus analyzing the competition among the host countries, which is inconsistent with Devereux’s, Lockwood’s, and Redoano’s results (2008). There is no distinction in the impacts of independent variables on FDI in the four host countries. On the other hand, the impact of a low STR on increasing FDI is more significant in Asian and African host countries, compared to European and OECD ones.