

54 NATIONAL ORGANIZATIONS TO CONGRESS: End the Corporate Tax Preference for Shifting Jobs & Profits Offshore

May 24, 2018

Dear Member of Congress,

The Tax Cuts and Jobs Act (TCJA) will allow companies to avoid taxes on [\\$235 billion](#) in profits each year going forward according to the Congressional Budget Office. This is revenue that should be funding critical public investments in healthcare, education, infrastructure, and other priorities. Moreover, the law created new incentives for multinational corporations to move their real operations offshore. The law guarantees that U.S. multinational corporations will pay at most **one-half** the domestic tax rate on their offshore earnings, with many companies paying little or nothing in taxes on these earnings. This means that under the new law a U.S. multinational company will pay a much lower tax rate if it invests in Ireland than if it invests in Indiana.

We write to express our support for the [No Tax Breaks for Outsourcing Act](#) – S. 2459 introduced by Senator Sheldon Whitehouse (D-RI) and H.R. 5108 introduced by Representative Lloyd Doggett (D-TX) – **and ask you to become a co-sponsor of this critical legislation.** This bill would provide a simple, straightforward fix to one of the most egregious problems created by the TCJA. It would level the playing field for small and wholly domestic businesses by eliminating the deep discount that multinational companies get for shifting profits offshore and outsourcing jobs. It is counterproductive to the goals of a fair and growing economy to allow U.S. companies to pay a lower tax rate abroad than they pay in the United States.

The legislation would also close the corporate inversion loophole, which allows companies to avoid paying U.S. taxes by pretending to be a foreign company on paper. The bill would prevent an American corporation from using a merger with a foreign company to claim that it is foreign for tax purposes if it continues to be managed and controlled in the United States or if a majority of the U.S. company's shareholders own the resulting company after the merger. Additionally, the legislation would curb the biggest incentive for companies to invert by limiting the practice of earnings stripping in which intercompany loans are used to shift profits out of the United States into low-tax subsidiaries.

We strongly encourage you to co-sponsor the No Tax Breaks for Outsourcing Act in order to make our tax system fairer, raise critically needed revenue, and encourage job creation here in America.

Sincerely,

AFL-CIO
Alliance for Retired Americans
Amalgamated Transit Union
American Family Voices
American Federation of Government Employees (AFGE)

American Federation of State, County and Municipal Employees (AFSCME)
American Postal Workers Union (APWU)
Americans for Democratic Action (ADA)
Americans for Tax Fairness
Campaign for America's Future
Center for Popular Democracy Action
Coalition on Human Needs
Color of Change
Communications Workers of America (CWA)
Congregation of Our Lady of Charity of the Good Shepherd, US Provinces
CREDO
Daily Kos
EPI Policy Center
Financial Accountability and Corporate Transparency (FACT) Coalition
Food & Water Watch
Franciscan Action Network
Global Financial Integrity
Indivisible
International Association of Machinists & Aerospace Workers
International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and
Helpers
International Brotherhood of Electrical Workers (IBEW)
International Federation of Professional and Technical Engineers (IFPTE)
International Union, United Automobile, Aerospace, and Agricultural Implement Workers of
America
Institute on Taxation and Economic Policy (ITEP)
Jobs With Justice
Main Street Alliance
MomsRising
National Advocacy Center of the Sisters of the Good Shepherd
National Education Association
National Employment Law Project
National Organization for Women
NETWORK Lobby for Catholic Social Justice
Office for Interfaith and Community Alliances, Islamic Society of North America
Oxfam America
Patriotic Millionaires
People Demanding Action
Progressive Congress Action Fund
Public Citizen
RootsAction.org
Service Employees International Union (SEIU)
Small Business Majority
Social Security Works
The Arc of the United States
The Other 98%

Union Veterans Council

UNITE HERE

United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service

Workers International Union (USW)

Working America

Working Families Party