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FACTCOALITION
Financial Accountability & Corporate Transparency

Bill Introduced to Cut Tax Loopholes and Keep Profits, Jobs in the U.S.

Washington – With corporate tax rates at their lowest point in decades due to legal tax loopholes, Senators Carl Levin (D-MI) and Kent Conrad (D-ND) have introduced a comprehensive bill to permanently close them and keep much-needed jobs and revenues here in the U.S.

The Cut Unjustified Tax Loopholes Act or ''CUT Loopholes Act," would put new restrictions on the use of offshore tax havens to avoid and evade federal taxes as well as close other corporate tax loopholes. The bill would address some key offshore tax loopholes by:

- Taxing foreign corporations that primarily do business in the U.S. as domestic corporations;
- Greatly reducing the tax incentives for corporations to move operations and profits offshore;
- Requiring annual country-by-country reporting by SEC-registered corporations related to their employees, sales, purchases, financing arrangements, and taxes; and,
- Increasing reporting requirements for foreign banks and U.S. taxpayers on offshore accounts.

The bill would also close the loophole whereby taxpayers subsidize stock options for corporate executives.

For a full summary of the bill click here.

The CUT Loopholes Act is supported by the Financial Accountability and Corporate Transparency (FACT) coalition, which includes a broad range of small business, faith-based, labor union, anti-corruption, government transparency, tax policy and public interest organizations.

The Joint Committee on Taxation and the Office of Management & Budget estimate that the bill would result in an additional $155 billion in revenue over 10 years.

"This bill would assure that big corporations are no longer able to use loopholes to avoid taxes that small businesses have to pay. It would stop the awful practice of rewarding multinational companies that offshore profits and jobs over those who create jobs and invest in communities across America," said Scott Klinger, Director of Tax Policy for Business for Shared Prosperity.

The bill addresses many of the loopholes that provide an advantage to individuals and corporations with the ability to use offshore accounts. Some key figures driving support for this bill include:

- 12%: average corporate tax rate according to the Congressional Budget Office, far from the statutory rate of 35%;
- 87%: those individuals surveyed in the Des Moines Register's Iowa Caucus poll who said corporate tax loopholes should be closed so that every U.S. business pays some taxes;
- 91%: small businesses surveyed in an independent poll that agree that U.S. multinational corporations' use of accounting loopholes to shift their U.S. profits to their offshore subsidiaries to avoid taxes is a problem, and
- $100 billion: revenues lost each year due to tax haven use according to the Senate's Permanent Subcommittee on Investigations.

“As long as these loopholes exist, taxpayers will continue to pick up the tab for large corporations that clearly do not need our help,” adds Nicole Tichon, Director of Tax Justice Network USA and a founder of the FACT coalition.

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For more information on the FACT coalition and its members, click here.
For a FACT sheet on tax haven abuse by the numbers, click here.