

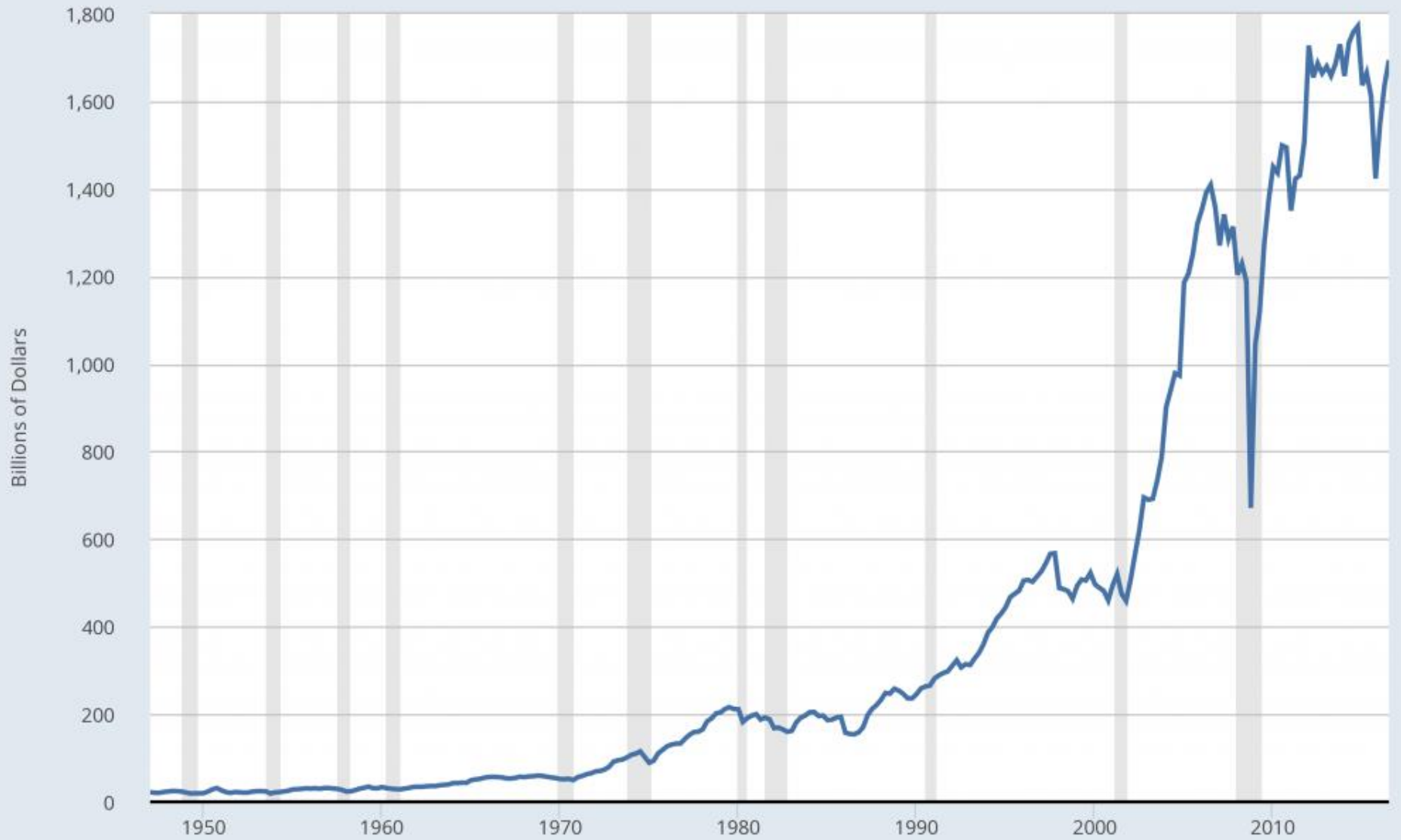


Next Steps in Offshore Multinational Corporate Tax

January 31, 2017

Elise J. Bean
Former Staff Director & Chief Counsel
U.S. Senate Permanent Subcommittee on Investigations

— Corporate Profits After Tax (without IVA and CCAdj)



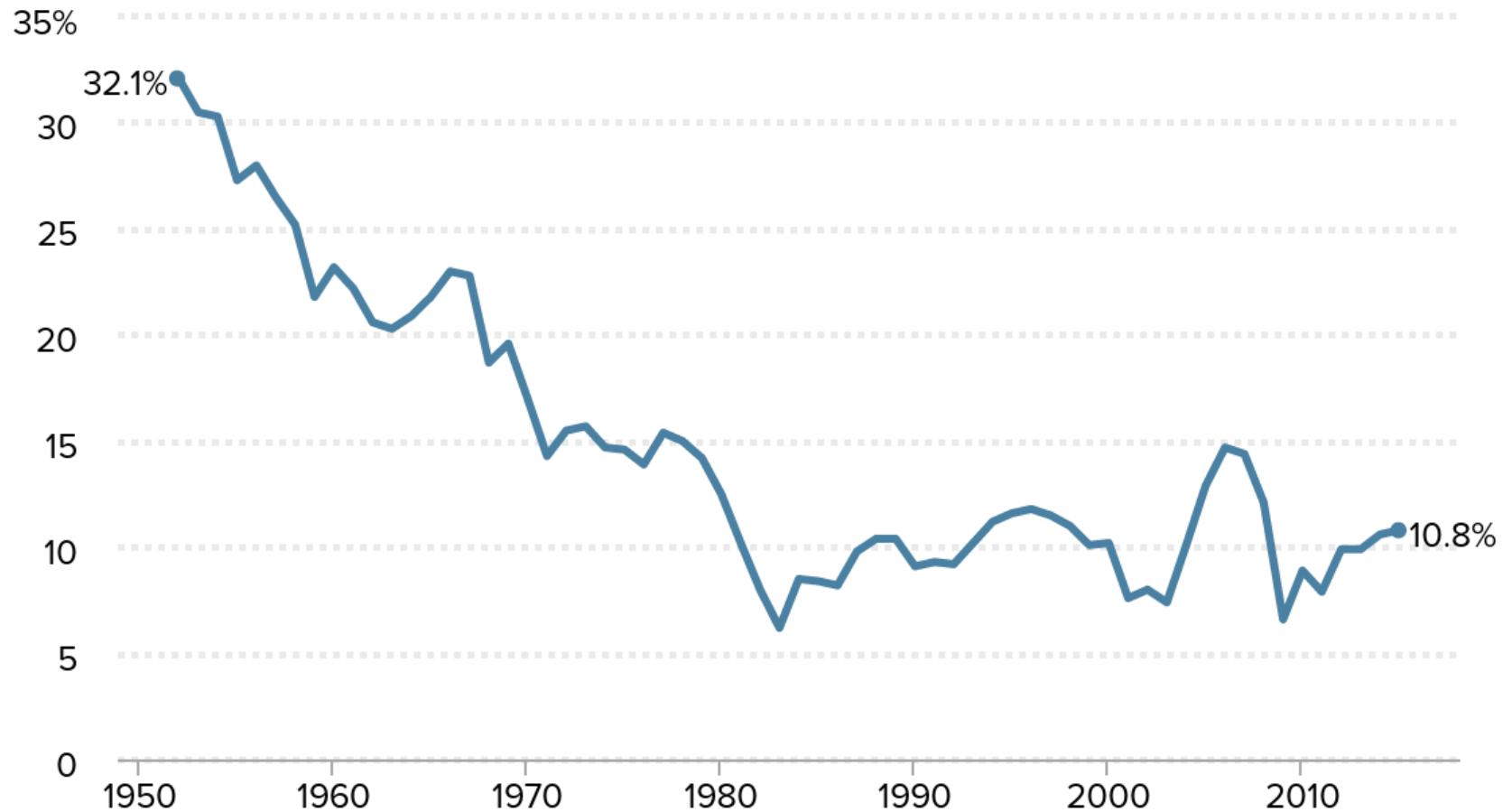
Source: US. Bureau of Economic Analysis
fred.stlouisfed.org

myf.red/g/bWNA

After Tax Corporate Profits – Chart by Federal Reserve Bank of St. Louis (Nov. 2016)

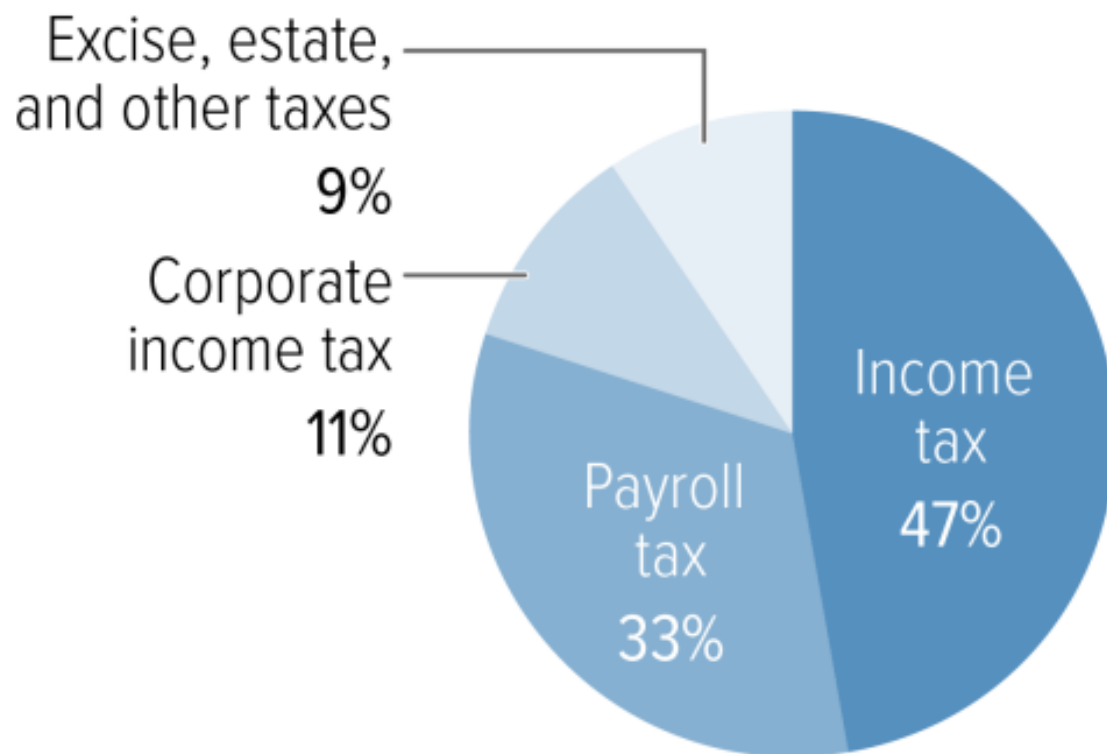
Corporations now pay a very low share of federal taxes

Corporate taxes as a share of federal revenue, 1952–2015



Source: ATF and EPI analysis of OMB (2016b)

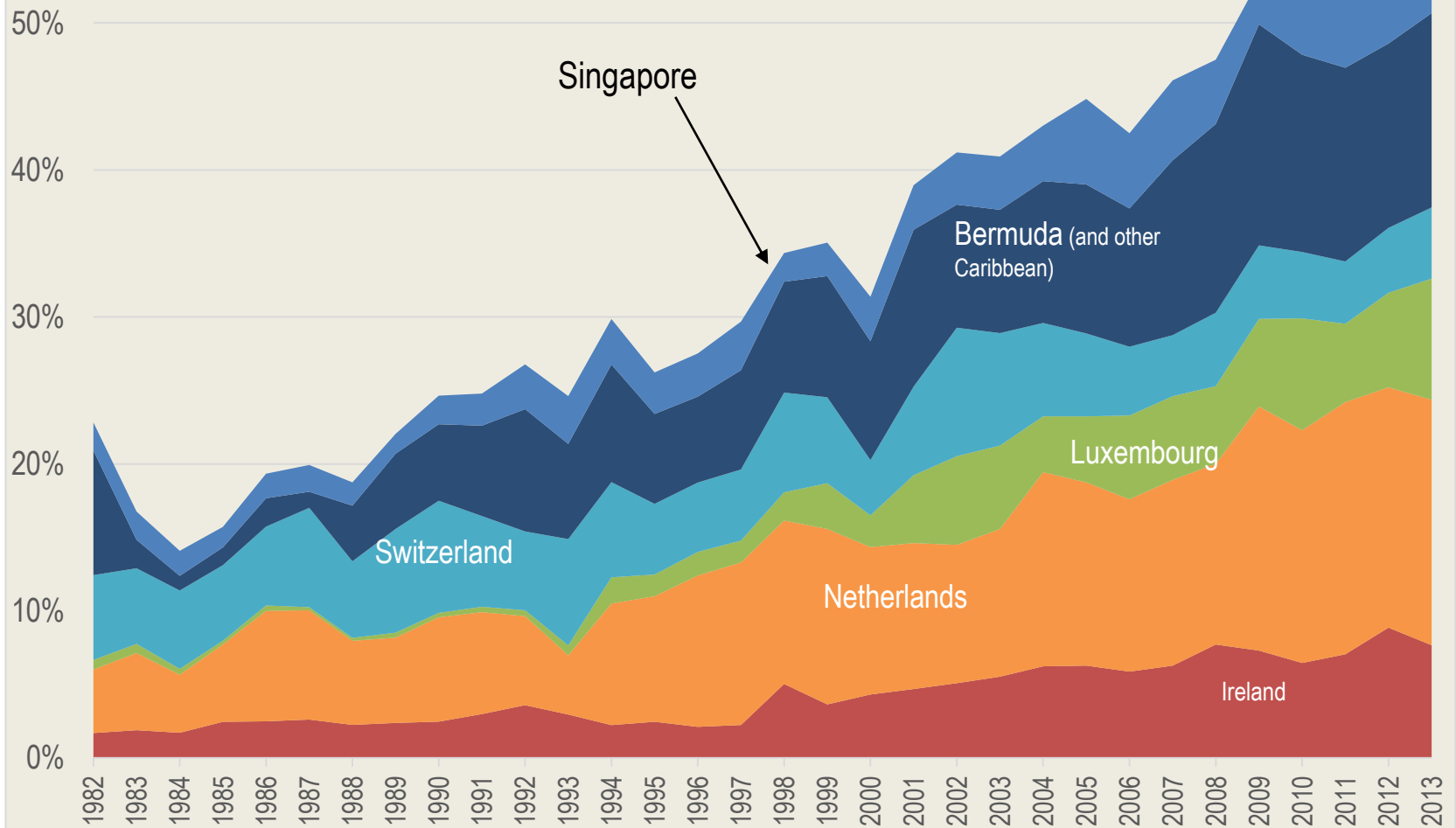
Sources of Federal Tax Revenue, 2015



Note: "Other Taxes" category includes profits on assets held by the Federal Reserve.

Source: Office of Management and Budget

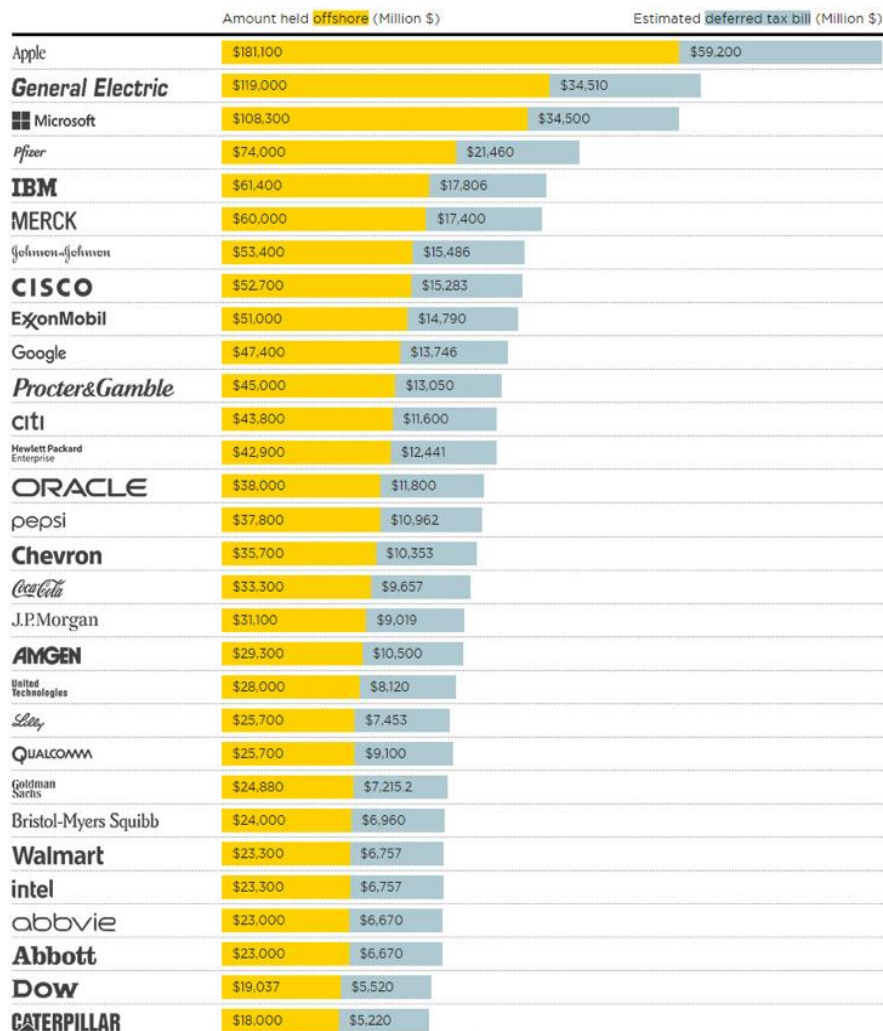
Share of offshore U.S. corporate profits by tax haven (1982-2013)



Source: Zucman, Journal of Economic Perspectives (Fall 2014)

FORTUNE 500 FIRMS WITH CASH IN OFFSHORE TAX HAVENS

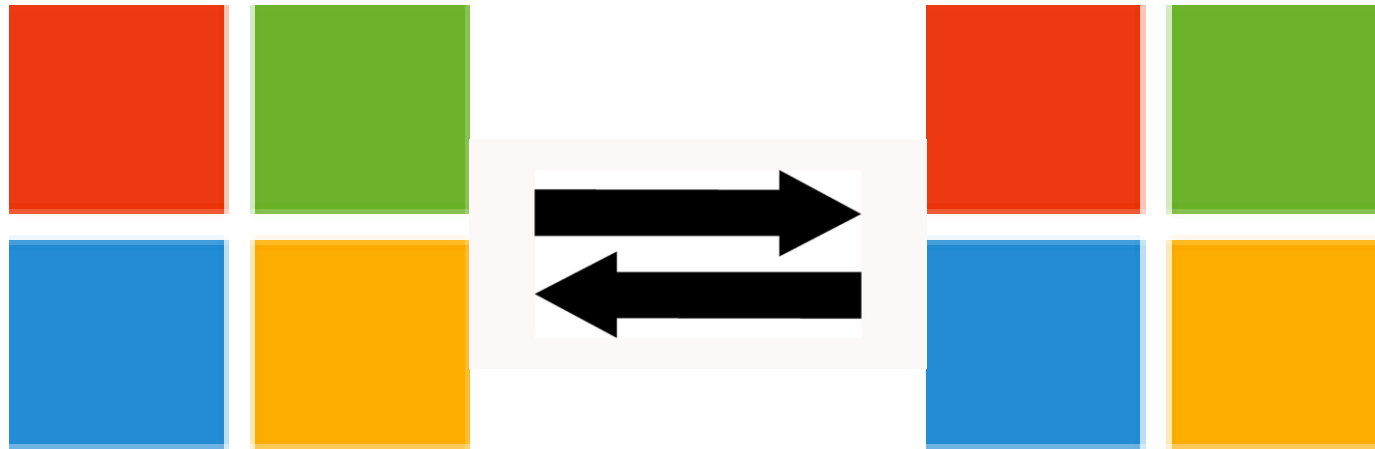
<http://www.visualcapitalist.com/fortune-500-companies-cash-offshore-tax-havens/>



Sources: Citizens for Tax Justice

howmuch.net

MICROSOFT



**Microsoft
USA**

**Microsoft
Puerto Rico**

**In 2011, for each \$1 in U.S. sales,
Microsoft sent 47 cents to Puerto Rico.**



APPLE

AOI

AOE

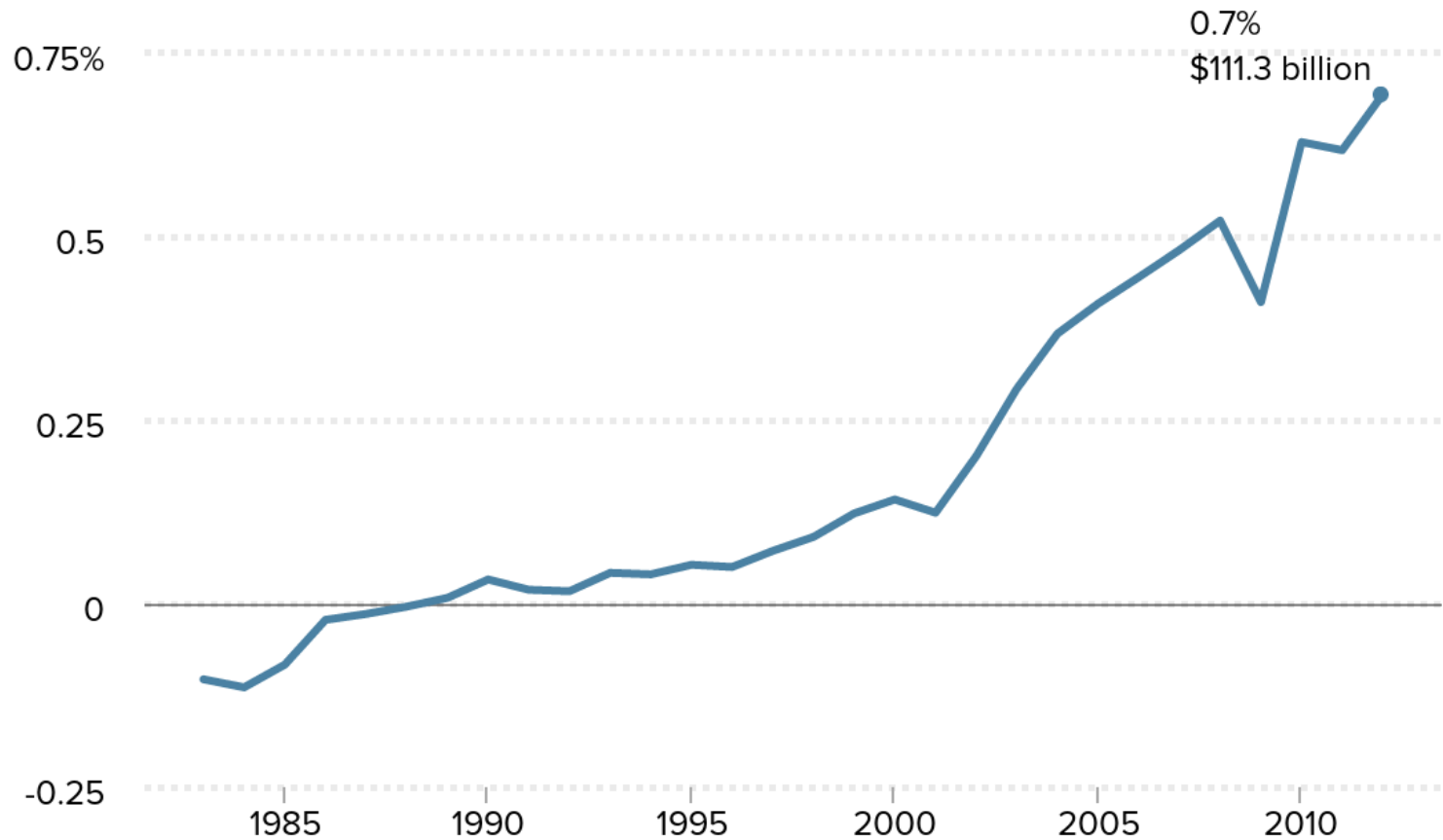
ASI

\$74 Billion
2009-2012



U.S. loses over \$100 billion a year in revenue to corporations shifting their profits offshore

Revenue loss due to corporate income shifting, as a share of GDP, 1983–2012



Source: ATF and EPI analysis of Clausing (2016, 24)

Possible Tax Reforms



- Lower corporate tax rate
- Territoriality (zero tax on foreign earnings)
- Equal or minimum tax rate on foreign earnings
- Border Adjustments
- End or modify deferral
- Close corporate offshore loopholes
- Repatriate offshore funds
- Finance infrastructure using tax dollars or tax credits
- Repeal corporate inversion/earnings stripping rules

