TRADE DEALS ARENT ENOUGH: FIXING THE TAX CODE TO BRING AMERICAN JOBS BACK

By Amy Hanauer

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INTRODUCTION

We all need the public sector to protect public health, keep us safe, educate our children, and much more. Companies, particularly multinational corporations, could not function without the legal, infrastructure, financial, regulatory, health, and transportation resources that the government provides. Corporations secured a $500 billion fund in the March 2020 emergency COVID-relief spending bill. But they also need more routine public spending in more ordinary times.

Sound tax policy requires that taxes raise enough money to fund what the country needs, do not exacerbate inequality, and do not favor one form of economic activity over another, unless there are specific reasons to do so. These principles have been neglected in much of our tax code. This brief describes the ways in which federal taxation policy for multinational corporations deviates from these core principles, undermining American public interests and even the long-term interests of the corporations themselves. We also put forth solutions for a more effective and equitable system.

Decades of poor decisions on trade policy have incentivized offshoring. Tax policy now contributes to the problem. The Trump-GOP tax law enacted in December 2017 creates clear incentives for American-based corporations to move operations and jobs abroad, including a zero percent tax rate on many profits generated offshore.[1] Bad tax policy also now enables some corporations to avoid taxes altogether. Both of these make our economy less resilient at all times, and particularly during downturns. When corporations move unionized manufacturing jobs to other countries, it can shift employment to lower-wage, lower-benefit service occupations that leave working people with insufficient savings[2] to weather short-term downturns.[3] This is particularly hard on workers in the Midwest, Black workers, and manufacturing workers, but it also puts downward pressure on all wages as unions have less power to set a wage floor.[4] Tax cuts have left the public sector with insufficient resources[5] to address crises like the pandemic and recession. Finally, these policies are all part of a global race to the bottom in wages, working conditions, environmental standards and other elements that could protect working people at a time when workplaces have become unsafe.[6]

1 Gardner, Matthew and Steve Wamhoff "Trump-GOP Tax Law Encourages Companies to Move Jobs Offshore – and New Tax Cuts Won't Change That," ITEP. June, 2020 https://itep.org/trump-gop-tax-law-encourages-companies-to-move-jobs-offshore-and-new-tax-cuts-wont-change-that/

2 Leonhardt, Megan. "Nearly 1 in 3 Americans Aren't Confident They'll Be Able to Keep a Roof over Their Head If Recession Hits." CNBC. March, 2020 https://www.cnbc.com/2020/03/20/31-percent-of-people-arent-sure-they-can-pay-for-housing-if-recession-hits.html

3 Report on the Economic Well-Being of U.S. Households in 2018 - May 2019." Board of Governors of the Federal Reserve System. May, 2019. https://www.federalreserve.gov/publications/2019-economic-well-being-of-us-households-in-2018-dealing-with-unexpected-expenses.htm

4 Bernhardt, Annette, Batt, Rosemary, Houseman, Susan, and Appelbaum, Eileen. "Domestic Outsourcing in the United States: A Research Agenda to Assess Trends and Effects on Job Quality" Center for Economic and Policy Research. December 2015. https://cepr.net/images/stories/reports/working-paper-domestic-outsourcing-2016-03.pdf

5 Luhby, Tami. "Struggling states put off tough cuts in hopes of a congressional rescue" CNN, June 2020. https://amp.cnn.com/cnn/2020/06/30/politics/state-budget-cuts-congress-lifeline/index.html

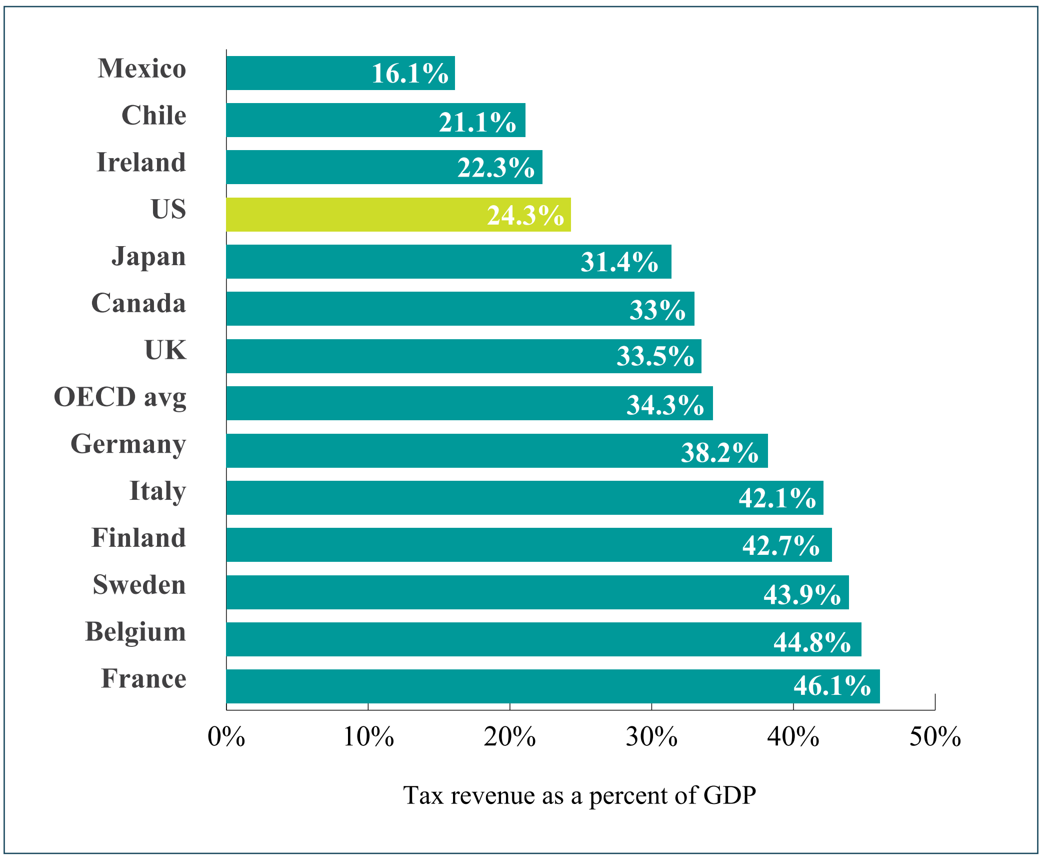
6 Bahn, Kate. "Research finds the domestic outsourcing of jobs leads to declining U.S. job quality and lower wages" Washington Center for Equitable Growth. August, 2019. https://equitablegrowth.org/research-finds-the-domestic-outsourcing-of-jobs-leads-to-declining-u-s-job-quality-and-lower-wages/.

FUNDAMENTAL GOALS OF TAXES

ADEQUACY

The most basic goal of taxes is to raise enough revenue to fund needed public investment. Tax scholars call this principle adequacy. The United States raises much less revenue as a share of our economy than other wealthy countries. Only Ireland, Chile and Mexico raised a smaller share of tax revenue as a share of Gross Domestic Product than the U.S. among OECD countries in 2018.[7] While countries like France, Belgium, Sweden and Finland devoted between 42 and 46 percent of their GDP to public uses that year, the U.S. was at 24.3 percent. The OECD 2018 average was 34.3 percent. [8]

FIGURE 1. US RANKS NEAR BOTTOM OF OECD COUNTRIES IN TAX REVENUE



Source: "Countries levels of tax revenues vary greatly across the OECD". 2019. https://www.oecd.org/tax/tax-policy/tax-as-percentage-of-gdp-oecd.png.jpg

7 OECD stands for Organization for Economic Cooperation and Development and is the international association of 36 wealthy countries created to promote trade and economic progress.

8 "Countries levels of tax revenues vary greatly across the OECD." 2019. https://www.oecd.org/tax/tax-policy/tax-as-percentage-of-gdp-oecd.png.jpg

This historic gap between the U.S. and other wealthy countries has always been large, but was pushed to its current heights by the tax plan put in place by the Trump administration and the Republican Congress, called the Tax Cuts and Jobs Act (TCJA). Some of the biggest changes in TCJA were corporate tax cuts, including a significant cut in the statutory corporate income tax rate and new changes to the international corporate tax rules that continue to allow companies to shift profits offshore. Even before the COVID-19 crisis, these Trump administration policies slashed spending in ways that continue to hurt public well-being.[9] TCJA rule changes like these also exploded the deficit at the height of an economic expansion. This is an unsustainable way to manage the economy.[10]

Adequacy involves planning for the future: funding things that experts know are needed but that regular citizens are unable to fund as individuals, like infrastructure maintenance and pandemic preparedness. The inadequacy of the U.S. tax system is particularly evident now as under-funded public health infrastructure, failure to provide health insurance to the entire population, and underinvestment in vaccine research, among other bad policies, threaten American health and lives.

Planning also means funding systems during economic expansions so resources can be injected into the economy during downturns. Initiatives that work against the business cycle, called countercyclical programs, raise money in good years, which prevents the economy from overheating, and then pay out during a downturn, reducing its severity. Unemployment insurance, for example, has workers and employers pay into the system when a worker is employed (slightly reducing earnings and profits), making money for benefits available when workers are laid off. State rainy day funds are another example.

Raising more revenue is a fundamental necessity in a country with an underfunded public sector. Unfortunately, as we detail below, the international corporate portion of our tax code undermines that goal.

EQUITY

A second basic principle is that taxes should reduce — not exacerbate — inequality. More than other taxpayers, high-income filers benefit from the systems that enable them to create and keep fortunes, and they are more able to contribute to maintaining those systems. High-income filers should pay more in taxes, including corporate income taxes, both because they can more easily pay without hardship and because public spending does more to preserve their ability to earn and retain wealth. High-income people ultimately (if indirectly) pay most corporate income taxes because they own most of the stock in American corporations.

But America's overall tax system does not ask the rich to pay much more than everyone else. Our tax system overall is just barely progressive. The federal tax system does rely on progressive taxes on personal incomes, corporate profits, and (to a much smaller extent) large estates. But low- and middle-income Americans pay a higher share of their income in state and local taxes than high-income people do, because state tax systems rely on sales and other taxes that fall more heavily on those who must spend most of what they earn. When examining the net effect of all federal, state and local taxes, we find that the share of all taxes paid by the richest one percent is only slightly higher than their share of total U.S. income. The share of all taxes paid by the poor is just slightly lower than their share of total income.

9 "Discretionary spending as a share of GDP, 1969 – 2049" Peter G. Peterson Foundation. September 2019. https://www.pgpf.org/chart-ar chive/0177_discretionary_low_levels

10 "Briefing Book." Tax Policy Center. https://www.taxpolicycenter.org/briefing-book/how-did-tcja-affect-federal-budget-outlook

The GOP-Trump tax cuts known as TCJA made federal taxes less progressive and reduced the top 1 percent's taxes as a share of all income from 36.6 percent to 34.4 percent.[11] TCJA also supercharged racial[12] and class-based inequality by directing most of its tax cuts to the wealthiest white families, directing much less to Black families or to low- and middle-income white families.

Further, because the U.S. generally keeps taxes so low, the nation is able to deliver less of service and programs that help with equity – assistance with food, housing, health care, education, transportation and poverty reduction, compared to many other countries. This means that our overall system allows a higher level of inequality and poverty than that of almost any other wealthy country.

Congress should ensure that the rich pay their fair share. This requires reforming several different parts of our tax system, including our corporate income tax, as explained below.

U.S. CORPORATE TAX RULES VIOLATE THE PRINCIPLES OF ADEQUACY AND EQUITY

America's largest corporations often use special breaks and loopholes that are for the most part legal, but nonetheless allow them to avoid paying the tax rate set out in statute. Corporations also lobby forcefully to preserve and expand these special breaks and loopholes. ITEP's recent analysis found that 91 profitable Fortune 500 corporations managed to pay absolutely nothing in federal income taxes on their U.S. profits in 2018.

Corporations also avoid taxes by claiming to earn more of their profits outside the U.S. Our international corporate tax rules have long allowed companies to use accounting gimmicks to make their profits appear to be earned in foreign tax havens. In addition to depriving the nation of necessary revenue, this violates the principles of equity described above, because it erodes a tax (the corporate income tax) that is ultimately paid mostly by the wealthy individuals who own corporate stocks rather than the low- and middle-income people who work for those companies.

SIMPLICITY AND NEUTRALITY

This leads to another problem with our tax code and with the international corporate tax rules in particular: lack of simplicity. Smaller businesses can rarely afford the complicated legal, accounting, and lobbying efforts required to game the system as large corporations do. It is much harder, if not impossible, for the owner of an independent corner store to claim her profits are earned in Bermuda than it is for Apple or Google. It is also difficult for the IRS to enforce these complex rules against corporations with enormous resources to hire accountants and lawyers to game the system. The resulting inadequacy and inequity in our tax system can only be resolved by Congress creating a simple tax code.

Taxes should also be neutral towards different types of business activity. This means the tax system should not encourage one kind of economic activity over another, unless there is a reason to do so (like if it helps or harms the environment or public health). Tax policies that systematically favor one kind of economic activity or another can lead to misallocation of resources or to schemes whose sole aim is to exploit such preferential tax treatment. This is also an area where our international and domestic tax systems fall short.

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11 Wamhoff, Steve, and Gardner, Matthew. "Who Pays Taxes in America in 2020?" forthcoming from Institute on Taxation and Economic Policy. July 2020.

12 "Race, Wealth and Taxes: How the Tax Cuts and Jobs Act Supercharges the Racial Wealth Divide" Prosperity Now. October 2018. https://prosperitynow.org/resources/race-wealth-and-taxes

THE TRUMP ADMINISTRATION MAKES THE SITUATION WORSE

TCJA drastically reduced revenue and dramatically slashed taxes on the wealthiest individuals and corporations. The United States had the largest plunge in tax revenue between 2017 and 2018 and the largest 2018 budget deficit of any OECD member country.[13] That plunge and that deficit coincided with the height of the nation's longest economic expansion.

The Trump Administration overlooked useful public investments that would have positioned us well for the future, opting instead to raise the deficit – by 50 percent between when Trump took office and the period before COVID-19 hit[14] – in service of exacerbating inequality with more tax cuts to the rich.

Those resources could have been put toward early education that makes children more likely to thrive throughout their lives; toward hiring Black, Hispanic, and low-wage workers to insulate buildings, install wind and solar power, and green our energy sector; or to improve our health infrastructure, insurance coverage, and vaccine research capabilities. In this way, TCJA represents an enormous missed opportunity.

The net effect of TCJA's changes for corporations (including both cuts and increases) is a reduction in federal corporate income tax revenue of nearly $1 trillion over a decade. These losses are incurred despite attempts to broaden the base of firms that were paying taxes – such base-broadening is meant to allow cutting the rates without reducing revenue because more entities are paying. But in this case, the broadened base was insufficient to make up for the cuts.

TCJA slashed corporate income tax rates from 35 percent to 21 percent and gave companies a huge break on the trillions of dollars in profits that they were bringing home from overseas. But to pass the bill without minority party input, Republicans used a procedure that put a $1.5 trillion maximum on what the bill could cost. When the price tag came in at more like $5.5 trillion, congressional Republicans added provisions and eliminated some deductions to reduce the overall cost of the bill.[15]

This was one element of TCJA that some observers thought might make our tax policy better. The improvements were supposed to bring in substantial new revenue and might have better taxed overseas profits.[16] Some hoped it would address the fact that since the late 1990s, American companies, and foreign corporations with American subsidiaries, had been shifting profits to lower-tax countries like Ireland, Luxembourg, and Bermuda to avoid paying U.S. taxes.[17]

Any hope that the new law would fix this turned out to be misplaced. TCJA taxes the offshore profits of American corporations at a rate of zero percent or, sometimes, at half the rate imposed on domestic profits. This means that, while the new law is quite different from the old one, it continues to tax offshore profits more lightly than domestic profits, which can encourage

13 Drucker, Jesse, and Tankersley, Jim. "How Big Companies Won New Tax Breaks From the Trump Administration." New York Times. December 2019. https://www.nytimes.com/2019/12/30/business/trump-tax-cuts-beat-gilti.html?searchResultPosition=1

14 Ibid.

15 Ibid.

16 Ibid.

17 Guvenen, Fatih, Mataloni Jr., Raymond J., Rassier, Dylan G. and Ruhl, Kim. "Offshore Profit Shifting and Domestic Productivity Measurement." Federal Reserve Bank of Minneapolis. April 2018. https://research.minneapolisfed.org/guvenen-mataloni-jr-rassier-ruhl-offshore-profit-shifting-and-domestic-productivity-measurement/

American corporations to continue to manipulate their books to make profits earned in the United States appear to be earned in tax havens where they will be taxed little or not taxed at all. This can also encourage corporations to transfer real investments and jobs offshore, exactly what American public policy should not do.

Most abuse under the old system involved manipulating the books to make profits appear to be earned in tax havens. And this still happens. Economist Kimberly Clausing estimates $100 billion a year is lost in the US due to companies shifting profits overseas.[18] But the new rules may be even worse in that they incentivize American companies to shift real investments like factories — and the jobs that go with them — offshore.[19]

BASE EROSION AND ANTI-ABUSE TAX (BEAT)

The Base Erosion and Anti-Abuse Tax (BEAT) is a part of TCJA that was directed at multinationals and adopted in part to reduce the law's overall price tag. BEAT was targeted at foreign companies with big US operations, who'd been dodging American tax obligations by shifting money from American subsidiaries to foreign parent companies or other subsidiaries in countries with lower rates. BEAT was supposed to discourage that by putting a new 10 percent tax on a broader measure of income. But this rate is still well below the 21 percent that generally applies to domestic profits.

To illustrate what BEAT was meant to reduce: an American subsidiary of a foreign parent corporation could sell a patent at a very low price to its parent company and then pay royalties (at a high price) to use that patent in the US. The U.S. operations may be lucrative, but by making large royalty payments to the foreign parent, the domestic entity leaves no U.S. profits to report to the IRS.[20] Because both the foreign parent company and the American subsidiary really have the same owner, the "sale" of the patent and the "royalties" are really just schemes to cut their U.S. tax bill.[21] This is what BEAT was supposed to disincentivize.[22]

GLOBAL INTANGIBLE LOW-TAXED INCOME (GILTI)

Under TCJA, offshore profits of American corporations are not taxed at all unless they exceed 10 percent of a corporation's tangible offshore assets, meaning they exceed ten percent of physical assets like factories, buildings, and equipment held offshore. As a result, American multinational corporations can potentially reduce their U.S. tax bill by shifting more assets, and the jobs that go with them, out of the U.S. to ensure their offshore profits do not exceed 10 percent of their offshore tangible assets.

Offshore profits exceeding that amount are considered Global Intangible Low-Taxed Income (GILTI), but even then, the profits are only taxed at a rate of 10.5 percent —just half of the 21 percent rate imposed on domestic profits.[23]

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18 Clausing, Kim. "Profit Shifting Before and After the Tax Cuts and Jobs Act." January 2020. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3274827

19 Wamhoff, Steve, "The New International Corporate Tax Rules: Problems and Solutions." Institute on Taxation and Economic Policy. June 2018.https://itep.org/the-new-international-corporate-tax-rules-problems-and-solutions/

20 Ibid.

21 American corporations sometimes disingenuously characterize themselves as foreign corporations for tax purposes, in the practice known as an inversion. The American corporationmerges with a foreign one and declares itself to be a foreign corporation, without actually really changing ownership because the majority of shares remain under ownership of theAmerican partner's shareholder. Congress can block inversions by requiring merging corporation to be considered American if the ownership is mostly unchanged or the company is managed in the United States.

22 Ibid.

23 Wamhoff, Steve. "Trump Already Did Tax Cuts 2.0… for Corporations." Institute on Taxation and Economic Policy. February, 2020. https://itep.org/trump-already-did-tax-cuts-2-0-for-corporations/

Republicans bowed to corporate interests in ways that undermined the stated intent of both BEAT and GILTI. For example, BEAT does not apply to payments that are embedded in the cost of goods. The U.S. subsidiary of a foreign-owned corporation in the example above may be paying its offshore parent company for use of a patent but also for the actual goods that it will then sell to U.S. customers. To avoid BEAT, the company can eliminate the royalty altogether and simply roll that cost into the price of the goods sold from the foreign parent company to the US subsidiary, which is not subject to BEAT. This tactic would avoid BEAT as currently written, leaving foreign-owned corporations free to effectively strip profits out of the U.S.

Since TCJA's enactment, the Trump administration issued rules interpreting its provisions in ways that make them even less effective. Former banking executive Steven Mnuchin's Treasury Department issued rules exempting interest paid by foreign-owned U.S. banks to their offshore parent companies, a change that Joint Committee on Taxation staff say could slash revenue by up to $50 billion.[24] All in all, lobbyists with disturbingly deep ties to the Trump administration pushed to limit the scope of the regulations and to interpret the rules in their favor. The Administration's deference to lobbyist demands will cause the GOP-Trump tax cuts to cost far more, and therefore extract far more from ordinary Americans, than proponents promised when the law was passed.

FOREIGN DERIVED INTANGIBLE INCOME DEDUCTION

The TCJA also created a new deduction for what it calls Foreign Derived Intangible Income (FDII). This new tax break is supposed to encourage American corporations to keep certain intangible assets, such as patents and copyrights, here in the U.S. The idea is that these assets — and the income they generate — are very easily shifted into offshore tax havens, so Congress partly threw in the towel and agreed to tax them less. But the FDII rules have the same problems as the GILTI rules.

The new law defines FDII simply as profits in the United States from selling to foreign markets minus 10 percent of the value of tangible assets held in the United States. The reasoning is that any profits exceeding a tenth of the tangible assets in the U.S. must be profits from intangible assets, but that is not necessarily true. Like the GILTI rules, the FDII rules could encourage American corporations to shift real assets (and the jobs that go with them) offshore to reduce the amount of tangible assets they hold in the U.S. In this case, corporations would do this to increase the amount of income that is considered FDII and thus eligible for the FDII deduction.

This deduction also violates international law because it subsidizes profits that companies generate from exports, which is banned under the World Trade Organization. The possibility of a challenge under international law could create a long period of uncertainty because it could be years before the WTO issues a ruling and other countries impose retaliatory tariffs based on it.[25]

FOREIGN TAX CREDIT — BAD BEFORE TCJA, BAD AFTER

An ideal tax system would impose equal tax rates on offshore and domestic profits of American corporations. To prevent double taxation, the U.S. can reduce federal taxes to offset taxes already paid to foreign governments. That's what the foreign tax credit (FTC) is supposed to do. Unfortunately, corporations can still use excess credits generated by profits in higher-tax countries to offset U.S. taxes due on profits in lower-tax countries. If an American corporation earns profits in France and pays the 33 percent French tax rate, that exceeds what the company

24 Drucker, Jesse, and Tankersley, Jim. "How Big Companies Won New Tax Breaks From the Trump Administration" New York Times. December 2019. https://www.nytimes.com/2019/12/30/business/trump-tax-cuts-beat-gilti.html?searchResultPosition=1

25 Wamhoff, Steve. "The New International Corporate Tax Rules: Problems and Solution." Institute on Taxation and Economic Policy. June 2018. https://itep.org/the-new-international-corporate-tax-rules-problems-and-solutions/

would have paid in the U.S., giving the firm an excess credit. The company can then use the excess foreign tax credits to reduce its U.S. taxes on profits made in other countries, including countries that impose no tax at all.

TCJA's failure to ban this cross-crediting of the FTC significantly weakens provisions that were supposed to stop companies from shifting profits and jobs offshore.

WHITE HOUSE FLOATS EVEN MORE TAX BREAKS FOR CORPORATIONS

In May, White House economic adviser Larry Kudlow floated the idea of a bill to encourage corporations to move supply chains to the U.S. with a corporate tax rate of just 10.5 percent, half the 21 percent rate that applies to other U.S. profits.[26] The U.S. already taxes offshore profits at 0 percent in many cases. No rational tax policy can go below that rate. Even when offshore profits are subject to U.S. taxes, the rate imposed is usually not higher than what Kudlow proposes, as explained above. A far better approach than competing to have the lowest corporate tax rate is to invest in infrastructure, education, worker training or other things both individuals and corporations need – like an economy prepared to address a pandemic.

Later that month, Kudlow endorsed additional tax breaks for reshoring, including making "full expensing" permanent and subsidizing moving costs, supposedly as part of a COVID response.[27] Full expensing is an extreme form of accelerated depreciation that lets companies write off the cost of equipment more quickly than it wears out, including writing off the full cost in the year of purchase. Rather than encouraging investment as its proponents claim, this tax break seems to reward companies for the investing they would have done anyway. Republicans in Congress have long sought to make full expensing permanent, but since it's already in effect through 2022 as part of the 2017 Trump-GOP tax law, making it permanent will do nothing to address the current economic downturn.

FIXING TCJA'S INTERNATIONAL CORPORATE RULES

The end goal of reforming America's international corporate tax rules should be to tax our corporations' domestic profits and offshore profits the same way. This means repealing rules that exempt certain offshore profits or provide them with a lower tax rate (the GILTI provisions), repealing additional breaks that favor investment abroad (like the FDII deduction) and loopholes that allow companies to manipulate what are otherwise sensible provisions (like FTC). Provisions like BEAT that can prevent foreign-owned companies from stripping profits out of the U.S. should be strengthened or replaced with stronger provisions.

This will ensure that the profits of corporations operating in the U.S. are taxed adequately, which in turn ensures that wealthy Americans who own most corporate stock are themselves taxed adequately.[28] Several bills address these issues at least in part, as the table below describes.

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26 Stein, Jeff and Erica Werner. "White House Floats Large Corporate Tax Cuts to Firms that Bring Jobs Back from Overseas." Washington Post. May, 2020. https://www.washingtonpost.com/business/2020/05/15/white-house-floats-large-corporate-tax-cut-firms-that-bring-jobs-back-overseas/

27 Garber, Jonathan. "U.S. Will Pay Companies to Bring Supply Chains Home from China: Kudlow." Fox Business. May, 2020. https://www.foxbusiness.com/markets/us-pay-bring-china-supply-chains-home-kudlow

28 Phillips, Richard. "Understanding and Fixing the New International Corporate Tax System." Institute on Taxation and Economic Policy. July 2018. https://itep.org/understanding-and-fixing-the-new-international-corporate-tax-system/
Phillips, Richard. "How to Fix the Broken International Corporate Tax Code." Institute on Taxation and Economic Policy. July 2018. https://itep.org/how-to-fix-the-broken-international-corporate-tax-code/

FIGURE 2. INTERNATIONAL CORPORATE TAX LEGISLATION RULES

LEGISLATION	DATE INTRODUCED	LEAD SPONSOR	DESCRIPTION
No Tax Breaks for Outsourcing Act	March 2019	House: Representative Lloyd Doggett Senate: Senator Sheldon Whitehouse	Eliminates the GILTI tax breaks, repeals the FDII, blocks inversions, fixes some special exemptions for oil and gas profits, and strengthens limits on interest deductions.
Removing Incentives for Outsourcing Act	May 2019	Senator Amy Klobuchar	Applies tax rates for profits booked offshore on a per-country basis, rather than on a worldwide average basis, reducing the chance of gaming. Reduces the incentive to outsource jobs by eliminating the exemption of offshore profits equal to ten percent of tangible assets held offshore.
Stop Tax Havens Abuse Act	March 2019	House: Representative Lloyd Doggett Senate: Senator Sheldon Whitehouse	Forbids inversions and addresses transparency; imposes restrictions on foreign jurisdictions or financial institutions to counter money laundering and efforts to significantly impede U.S. tax enforcement.
Disclosure of Tax Havens and Offshoring Act	Senate: May 2019	House: Representative Cynthia Axne Senate: Senator Chris Van Hollen	Addresses transparency by requiring corporations to disclose their financial reporting on a country-by-country basis so Americans can see how corporations are using tax havens or offshoring jobs.
Stop Corporate Inversions Act	House: February 2020	Senator Dick Durbin	Amends the Internal Revenue Code to revise rules for the taxation of inverted corporations.
Corporate Tax Dodging Prevention Act	July 2019	House: Representative Jan Schakowsky Senate: Senator Bernie Sanders	Similar to the No Tax Breaks for Outsourcing Act, but treats all foreign income as Subpart F income rather than keeping the GILTI regime with equalized rates.

Better trade deals will not be sufficient to address the incentives to move jobs from U.S. communities offshore. That's because tax policy contributes to the problem. President Trump's signature legislative achievement, the so-called Tax Cuts and Jobs Act, includes incentives to multinational companies to offshore jobs at the expense of American workers and allows some corporations to avoid taxes entirely. The GOP-Trump tax law should be repealed and replaced with tax policy that puts workers, jobs, and communities first, and that doesn't allow the wealthiest corporations to dodge their obligations to our communities.

ABOUT THE AUTHOR:

Amy Hanauer, executive director of Institute on Taxation and Economic Policy and Citizens for Tax Justice, provides leadership toward fair, equitable tax policy. Amy has nearly 30 years of experience working to create economic justice. She founded the state think tank Policy Matters Ohio, which helped boost Ohio's minimum wage, restore collective bargaining rights, and fight tax cuts for the wealthy. Hanauer previously worked for the think tank COWS and for Wisconsin State Senator (now U.S. Representative) Gwendolynne Moore. She is a board member for The American Prospect magazine and has a BA from Cornell and an MPA from University of Wisconsin-Madison.