

THEIR VIEW

It's tax time, but corporations aren't paying

Tax Day offers a stark reminder of the difference between those of us who pay all our taxes every year and the big corporations that don't. While families and small businesses scramble to file their returns each April, multinational corporations are free to indefinitely ignore a \$700 billion U.S. tax bill they owe on \$2.4 trillion in profits stashed offshore.

American corporations owe U.S. taxes on all their income wherever made, but thanks to a loophole called "deferral," they don't have to pay the bill on offshore profits till they bring the money home. Not surprisingly, this special tax break has encouraged companies to hold more and more of their profits overseas.

Corporate offshore tax avoidance can be curbed.

In fact, the Obama administration did it earlier this month. The Treasury Department issued new rules that make it harder for American corporations to shift their legal address to a foreign country in order to wipe out the U.S. taxes they owe on their offshore earnings.

The most immediate

effect of this much-needed reform was to kill one of these phony relocations—called "inversions"—by the pharmaceutical giant Pfizer. It was trying to permanently dodge up to \$35 billion in taxes, according to an investigation by Americans for Tax Fairness. Once Treasury issued new rules denying these tax benefits, Pfizer gave up its inversion attempt.

Column provided by [American Forum](#).



Americans for Tax Fairness

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