



subscribe | find and save | newsletter



CLASSIFIEDS | JOBS | CARS | HOMES

FEATURED »

NEWS NOW

E.J. Dionne: What Clinton and Sanders owe progressives

...

Diman students cook up Bristol Aggie-raised tilapia

...

Kathlee

Guest Opinion: 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.



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.

A frustrating twist to corporate tax dodging on overseas earnings is that much of that offshore money was not made where these corporations say it was. They use accounting maneuvers to shift earnings made in the United States to thousands of offshore subsidiaries located in tax havens. (One of the new Treasury regulations tries to limit this practice, as well.)

The Treasury's recent reforms are an important step towards ending the most blatant forms of offshore corporate tax dodging. But Congress needs to reform the tax laws so Pfizer and the rest of the handful of huge corporations that owe the bulk of the unpaid taxes are finally forced to pay up. The sums owed are staggering: Apple's share is \$61 billion, Microsoft's is \$35 billion and Citigroup's is \$13 billion, according to their corporate filings analyzed by Citizens for Tax Justice.

Deferral is not the only special tax break corporations exploit. Armies of corporate lawyers and lobbyists regularly descend on Capitol Hill to craft tax laws for the exclusive benefit of wealthy corporate executives and shareholders. For instance, we taxpayers subsidize huge CEO pay packages at a cost of \$5 billion a year.

» STAY INFORMED



Email Newsletter

Sign Up Today

Sign up for our newsletter and have the top headlines from your community delivered right to your inbox.

SOUTH COAST DIRECTORY

Featured Businesses

Loading...

Find South Coast Attractions

Search business by keyword

Search

Add your business here +

» EVENTS CALENDAR

But deferral is the biggest corporate loophole and closing it would do a lot of good. Here's just one sample of how we could use the \$700 billion in existing offshore profits: \$470 billion to double highway and mass transit repair and maintenance for each of the next seven years; \$75 billion to give all low- and moderate-income four-year-olds high-quality preschool for the next decade; \$61 billion over 10 years to put nine million worthy students through community college tuition-free; \$67 billion to expand the Earned Income Tax Credit to include childless workers and non-custodial parents for 10 years; and \$27 billion to increase by 50 percent the National Cancer Institute's budget through 2027.

[» Comment or view comments](#)

[Terms of Service](#)

Connect with Wicked Local Dighton

[Facebook](#)

[Twitter](#)

[RSS](#)

[Back to top](#)

Site Services

[Work for Us](#)
[Subscribe](#)
[Ads](#)
[e-newsletter](#)

Market Place

[Homes](#)
[Classifieds](#)

Community Info

Communities

[WickedLocal Fall River](#)
[WickedLocal North Attleborough](#)
[WickedLocal Rehoboth](#)
[WickedLocal Somerset](#)

Stay Informed



[Email newsletter](#)

[Sign Up Today](#)

Sign up for our newsletter and have the top headlines from your community delivered right to your inbox.

Your privacy is important, read our [privacy policy](#).

[Wicked Local Media Solutions](#) | [Propel Marketing](#) | [More Content Now](#) | [BestRide.com](#) | [Find&Save](#)

© Copyright 2006-2016 Gatehouse Media, Inc. Some rights reserved [Privacy Policy](#) | [Terms of Service](#) | [Gatehouse Media Publications](#)
Original content available for non-commercial use under a Creative Commons license, except where noted.
Wicked Local Dighton | 5 Cohannet Street, P.O. Box: 111 Dighton, MA 02715