Corporate Pirates of the Caribbean:

Pro-Austerity CEOs Seek to Widen Tax Haven Loophole

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Key Findings

The Fix the Debt campaign is a heavily funded corporate lobby group pushing for cuts to Social Security and Medicare and more corporate tax breaks. One of their main goals is a "territorial" tax system that would permanently exempt U.S. corporations' foreign earnings from U.S. federal income taxes. Erskine Bowles and Alan Simpson, who serve as Fix the Debt Co-Founders, also made this reform a centerpiece of their recently released deficit reduction proposal.

In November 2012, the Institute for Policy Studies was the first to calculate how much Fix the Debt member corporations would stand to gain if Congress approves "territorial" tax reform. This report provides updated figures, based on recently released tax data for 2012.

Fix the Debt continues to be a meeting ground of corporations using offshore tax loopholes to dodge U.S. taxes.

- Two-thirds of the 93 publicly held corporations involved with Fix the Debt were holding profits in offshore subsidiaries at the end of 2012. The 59 firms that reported the amount of these offshore profits had a combined total of more than $544 billion, up from $473 billion in 2011.[1] The average offshore stash per company rose 15 percent in 2012 to $9.4 billion. Currently, these profits are not subject to U.S. corporate income taxes unless they are brought back to the United States (also known as repatriation).

- If Congress adopts Fix the Debt's proposed territorial tax system, these 59 companies would stand to win as much as $173 billion in immediate tax windfalls.

- The biggest potential winner is General Electric, which could reap a tax windfall of as much as $38 billion on its overseas earnings stash of $108 billion.

- The Fix the Debt member with the largest increase in offshore untaxed profits in 2012 among firms with more than $1 billion in offshore profits was Honeywell, with a 43 percent increase to $11.6 billion in 2012. Twenty-two firms reported increases of more than 20 percent in their untaxed offshore profits last year.

- All but one of the 59 companies with offshore profits operated offshore subsidiaries in tax haven nations.[2]

Fix the Debt corporations represent an elite minority of firms that stand to benefit from a territorial tax system.

- Less than two out of every 1,000 U.S. businesses nationwide have offshore subsidiaries. Perhaps not surprisingly, 85 percent of small business owners oppose a territorial tax system, according to a nationwide poll conducted by the American Sustainable Business Council and Main Street Alliance. A second poll, conducted by the National Small Business Association, found that just 16 percent of small business owners support a territorial tax system and 53 percent are opposed.

“Fix the Debt” and their territorial tax agenda

The “Fix the Debt” campaign has recruited more than 100 American CEOs and raised tens of millions of dollars for a media and lobbying blitz to influence the national budget debate.

The campaign has attempted to project an image of moderation, emphasizing a balanced approach of spending cuts with some tax increases in order to bring down the deficit and ensure a bright future for the United States. But a closer look at the campaign’s lobby materials reveals two particularly controversial goals:

1. **“Pro-growth” corporate tax reform**. This is Washington-speak for cutting corporate tax rates and shifting to a “territorial tax system” that would permanently exempt from U.S. taxes all offshore income earned by U.S. corporations.

2. **“Reforming” earned-benefit programs**. This means cutting Medicaid, Medicare, and Social Security benefits.

This report, part of an IPS series on “Fix the Debt,” focuses on the lobby group’s corporate tax agenda and in particular the windfalls member corporations would reap from a territorial tax system. It updates figures in a November 2012 report, *The CEO Campaign to “Fix” the Debt: Trojan Horse for Massive Corporate Tax Breaks*.

Territorial tax reform continues to be in the middle of the raging debate over the national budget. Alan Simpson and Erskine Bowles, co-chairs of the National Commission on Fiscal Responsibility and Reform (commonly known as the Bowles-Simpson Commission), recently issued their own update to the recommendations adopted by the formal 19-member panel. A core proposal is the shift to a territorial tax system.

In “Fix the Debt” Campaign’s Own Words:
(from Powerpoint Presentation posted on www.fixthedebt.org)

Bowles and Simpson, along with billionaire deficit hawk Pete Peterson, were also behind the formation of Fix the Debt. And while campaign spokespeople sometimes claim they are not pushing any particular detailed deficit reduction proposal, they have prominently featured the April 19 Bowles-Simpson recommendations on their website.

How Would a Territorial Tax System Work?

Currently, the tax code requires U.S.-headquartered corporations to pay a tax rate of 35 percent on their profits regardless of where in the world those profits are earned. But there are two important exceptions:

1. U.S. corporations are granted full credit for any taxes paid to foreign governments.

2. Any profits deemed permanently reinvested offshore are exempted from U.S. taxes until and unless they are returned to the United States.

A company that books profits in the United Kingdom or Germany and pays taxes there gets a full credit for those taxes on its U.S. tax returns and thus owes little, if any, U.S. taxes on those profits. But if profits can be shifted to a tax haven where corporate profits are very lightly taxed, if taxed at all, then something close to 35 percent in taxes would be due when these funds are returned to America. Thus, a territorial tax system would be enormously profitable for the many firms that are aggressively shifting their profits to offshore tax havens like the Cayman Islands or Bermuda.

Would Territorial Tax Reform Boost U.S. Jobs?

Corporate lobby groups argue that a territorial tax system would be good for American workers because it would encourage firms to bring foreign earnings home where they would be used to invest and create jobs in this country. Experience tells us otherwise. In 2004, corporate lobby groups won their first campaign to repatriate foreign earnings virtually tax-free. The misnamed American Jobs Creation Act offered corporations a deeply discounted tax rate of 5.25 percent (instead of the 35 percent tax rate they otherwise would have paid) if they repatriated foreign earnings and invested that money to create jobs. In the year that followed, 843 U.S. corporations repatriated $312 billion, saving about $80 billion on their tax bills. More than half of the tax windfall from the tax holiday went to just 15 giant firms. But instead of creating jobs, the biggest beneficiaries downsized. Pfizer, for example, cut more than 10,000 U.S. jobs in the two years after it repatriated $37 billion.[3] The vast majority of repatriated funds came from tax haven nations, according to a Senate report.

The Fix the Debt campaign's corporate members' potential savings from the territorial tax system

As of April 22, 2013, the Fix the Debt campaign listed 93 CEO members who represent publicly held corporations and thus are required to report tax data to the SEC.

Of these 93 companies, 59 have squirreled away more than $544 billion offshore, according to their 10-K reports. All but one of these firms – Verizon – operates offshore subsidiaries in tax haven nations. As it is now, these firms would be required to pay U.S. federal corporate income taxes (at a top rate of 35 percent) on these foreign earnings when or if they return ("repatriate") them to America to use to invest or pay dividends to shareholders.

If Congress adopts Fix the Debt's proposed territorial tax system, these corporate foreign earnings would be permanently exempted from U.S. income taxes. As a result, these 59 companies would stand to win as much as $173 billion in immediate tax windfalls.

Top Five Offshore Stashes

Company	Offshore Untaxed Profits	Growth since 2011	Current tax liability (potential savings if territorial tax system adopted)
General Electric	$108 billion	6%	$37.8 billion
Microsoft	$61 billion	36%	$19.4 billion*
Merck	$53 billion	21%	$18.7 billion
Citigroup	$43 billion	19%	$11.5 billion*
Cisco Systems	$41 billion	13%	$14.4 billion

*Actual tax liability reported in company's tax footnote of Form 10-K. All others: IPS estimate of largest potential liability based on company's disclosure of offshore untaxed profits in 10-K reports. For more details on methodology and the full list of publicly held Fix the Debt members and their potential savings from a territorial tax system, see appendix.

Microsoft CEO: Steve Ballmer

Opening the Windows to Tax Dodging

Of the top five companies in terms of the size of their offshore stashes, Microsoft had the largest increase last year, adding $16 billion for a total stash of $61 billion. Last fall, Senator Carl Levin revealed just how Microsoft was able to achieve this accounting feat. For every dollar of product Microsoft sells in the United States, it sends 47 cents to Puerto Rico to pay for the use of patents and trademarks. Most of the research that led to these patents was conducted in the United States and the only reason the patents now reside in Puerto Rico is to reduce Microsoft's U.S. tax bill. Microsoft is not alone in abusing the offshore tax loophole. Corporations collectively deny the U.S. Treasury of $90 billion annually by exploiting and abusing these loopholes.

Merck CEO: Kenneth Frazier

144 tax haven subsidiaries provide prescription for shifting profits offshore

Fix the Debt member corporation Merck had $53 billion socked away offshore at the end of 2012 — a $9 billion increase over the previous year and one of the largest amounts among U.S. corporations. The pharmaceutical giant has 144 subsidiaries in tax haven nations, with the largest numbers in the Netherlands, Ireland, Switzerland, Bermuda, and Hong Kong—nations that impose little to no taxes on income generated from patents and other intellectual property.

Merck was a major beneficiary of the 2004 American Job Creation Act, which offered U.S. corporations a deeply discounted tax rate of just 5.25 percent on profits they brought home (repatriated), with the idea that these windfalls would be used to create U.S. jobs. Merck repatriated nearly $16 billion to qualify for a tax break of $4.7 billion. But rather than hiring more workers, Merck laid off 7,000 employees over the following two years.

Corporations with More than $1 Billion in Offshore Untaxed Profits that Grew More than 20% in 2012

Twenty-two Fix the Debt companies expanded their offshore untaxed profits by more than 20 percent during 2012. Of those with more than $1 billion in offshore profits, the firm with the largest increase was Honeywell, with a 43 percent increase to $11.6 billion in 2012 (see appendix for full list).

Company	Offshore Profits	Increase since 2011
Honeywell	$11.6 billion	43%
BlackRock	$2.1 billion	40%
Microsoft	$60.8 billion	36%
Air Products and Chemicals	$5.3 billion	29%
EMC Corporation	$8.1 billion	27%
Starwood Hotels	$2.9 billion	26%
Eaton	$8.0 billion	25%
Deere & Co.	$3.2 billion	24%
Bank of New York	$4.3 billion	23%
Qualcomm	$16.4 billion	22%
Merck	$53.4 billion	21%

Corporate America's Growing Tax Haven Stash

The profit-shifting behavior exhibited by Fix the Debt corporations is mirrored by other large American corporations. In January 2013, the non-partisan Congressional Research Service (CRS) released an analysis of U.S. multinationals profits, investment and employment in five tax haven nations (Bermuda, Ireland, Luxembourg, the Netherlands and Switzerland) and five traditional economies (Australia, Canada, Germany, Mexico, and the United Kingdom.

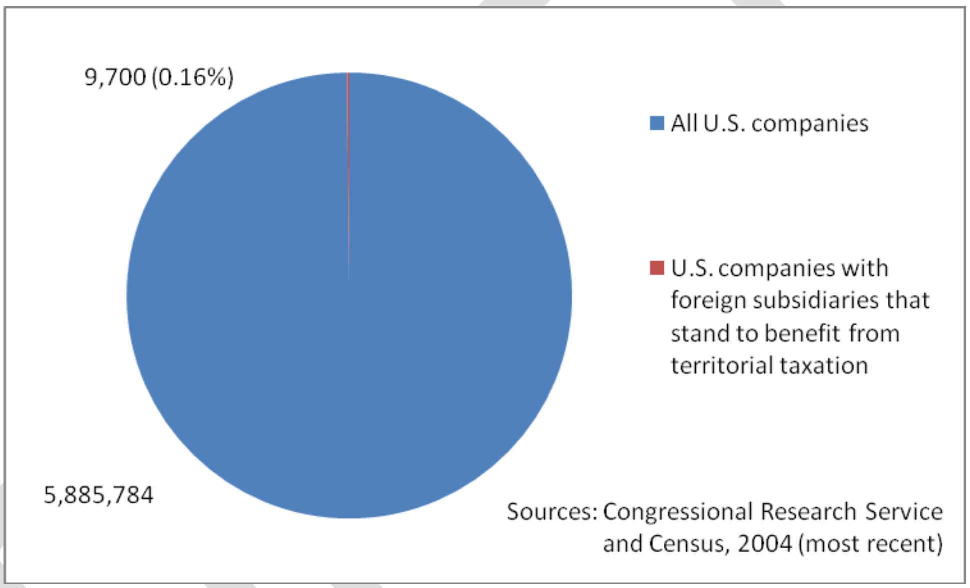
In 2008 (most recent year where data is available) U.S. multinational corporations reported 43 percent of their overseas profits in the five tax haven nations, compared to just 14 percent of their profits in traditional trading partner economies. In contrast, 40 percent of the corporations foreign labor force and 34 percent of their investments in property, plant and equipment were made in the traditional economies while just 4 percent of their foreign workforce and 7 percent of their capital investments were made in tax haven economies.

According to CRS, the reported profits of U.S. multinationals dwarfed the real production of tax haven nations: "In Bermuda, profits reported by U.S. MNC's affiliates have increased from 260 percent of GDP in 1999 to over 1,000 percent of GDP in 2008. In Luxembourg, MNC's profits went from 19 percent of GDP in 1999 to 208 percent in 2008. That is to say, American companies are now reporting more business profits in Bermuda and Luxembourg than the reported value of all goods and services these two countries produce in a year."

The big business-small business divide on territorial taxation

With their support of a territorial tax system, Simpson, Bowles, and Fix the Debt are attempting to widen a loophole that already benefits less than a fraction of a percent of America's businesses. In their most recent analysis, the Congressional Research Service used IRS data to estimate that roughly 9,700 U.S. businesses had foreign subsidiaries in 2004. That year the Census Bureau reported that there were 5.9 million American businesses with employees.[4] Thus, less than two in one thousand (0.16%) of American businesses could potentially receive any benefit from the territorial tax system.

Tiny Sliver of U.S. Companies Stand to Benefit from Territorial Taxation



America's Main Street Businesses Oppose Offshore Tax Loophole

Given the uneven playing field, it's not surprising that America's small businesses are no fans of a territorial tax system. Two national polls have recently confirmed small business owner opposition to a territorial tax system – opposition that extends across the political spectrum. A March 2013 nationwide scientific poll sponsored by the American Sustainable Business Council and Main Street Alliance found that 85 percent of America's small business owners opposed a territorial tax system, including 67 percent of small business owners who self-identified as Republicans. In a separate poll commissioned by the National Small Business Association just 16 percent of small business owners polled supported a territorial tax system, with 53 percent opposed and the remaining undecided.

Proposals to close loopholes that encourage offshoring

Several pending bills would alleviate the tax haven problem that is undermining the health of our national economy.

1) Corporate Tax Dodging Prevention Act (S. 250, H.R 694)

Introduced by Senator Bernie Sanders (I-VT) and Representative Jan Schakowsky (D-IL), this bill would end the deferral provision in the corporate tax code that allows U.S. corporations to indefinitely avoid paying taxes on foreign profits. This provision is a primary incentive for shifting U.S. profits offshore. If deferral were ended, U.S. corporations would pay U.S. corporate income tax on their total worldwide income and be given a dollar-for-dollar credit on any taxes paid to foreign governments. Thus a company earning profits in the United Kingdom or France would pay little, if any additional tax under this system, while the firms presently channeling U.S. profits to the Cayman Islands or Luxembourg, where corporate profits are lightly taxed, would owe substantial additional U.S. taxes. The Joint Committee on Taxation estimates that this bill would raise $590 billion over the next decade, money that could be used to "fix the debt." Fix the Debt's proposed shift to a territorial system would make deferral permanent, in effect giving multinational corporations a permanent offshore tax holiday.

2) Cut Unjustified Tax Loopholes Act (S. 268)

The CUT Loopholes Act introduced by Senators Carl Levin (D-MI) and Sheldon Whitehouse (D-RI) would close an array of corporate and individual loopholes in the tax code. Central to these are loopholes pertaining to abuse of the offshore tax havens. The bill would not only stop companies from shifting profits offshore simply to reduce their tax obligations, it would also strengthen the enforcement powers of the U.S. Treasury in prosecuting financial intermediaries who facilitate offshore abuse of the tax code. The CUT Loopholes Act would raise $189 billion over the next decade according to the Congressional Joint Committee on Taxation.

3) Stop Tax Haven Abuse Act (HR 1554)

This bill, introduced Representative Lloyd Doggett (D-TX), would limit phony accounting transactions undertaken for the express purpose of avoiding taxes. The U.S. Treasury loses an estimated $150 billion a year from offshore tax evasion by individuals and tax avoidance by U.S. corporations. Closing offshore tax loopholes would raise an estimated $1 trillion to $1.5 trillion over the next ten years.

4) Country–by-Country Reporting of International Tax Payments

For nearly two decades, corporate accountability reformers around the world have been calling for companies to improve their disclosure of payments to governments, including their tax payments. While the initial focus has been on extractive industries firms (energy, mining, forestry), shining a light on where all corporations report their profits and pay their taxes could play a powerful role in curbing offshore tax haven abuse. All companies should have to explain situations where they report a large share of their profits in a country, but pay little in tax and have no employees — a situation all too common today.

The Dodd-Frank financial reform bill, passed in 2010, called for corporations in extractive industries to begin this country-by-country reporting of taxes paid starting later this year. Affected corporations have lobbied hard to get this rule delayed and have recently sued to get the provision declared unconstitutional as a violation of companies' First Amendment rights.

5) End deductions related to shifting operations and investment overseas.

Under current tax law, U.S. companies that close an American factory or office and move those operations overseas can deduct all of the moving expenses as well as the costs associated with building a new factory or facility offshore. But when that new factory starts to earn money, the corporation can use the deferral provision of the tax code to avoid paying taxes on these foreign profits unless and until those profits are returned to the United States. American taxpayers thus subsidize the moving of jobs overseas, but then do not benefit when those factories earn profits. President Obama has called for an end to this loophole in his budget. The revenue raised by the Obama proposal would be used to provide a tax credit for corporation's moving jobs from overseas back to America.

For more information on corporate tax reform

Financial Accountability and Corporate Transparency (FACT) Coalition – Works on closing offshore corporate tax loopholes and opposing money-laundering in the United States and throughout the world.

Americans for Tax Fairness – More than 275 national, state and local organizations working together on broad issues of tax reform. Promotes revenue positive tax reform in which wealthy individuals and powerful corporations pay their fair share.

Appendix: Fix the Debt corporate members' potential savings from a territorial tax system

Member of Fix the Debt CEO Council or Business Leaders Council*	Company	Unrepatriated offshore earnings ($mil), 2012	% change over 2011	Potential savings if territorial tax system adopted ($mil)
Evan Greenberg	ACE Ltd	0		0
William Webster, IV	Advance America	0		0
Roger Sant	AES Corporation	undisclosed		n/a
Mark Bertolini	Aetna	0		0
John Kingston, III	Affiliated Managers Group	25	0%	10
John McGlade	Air Products & Chemicals	5,278	29%	1,332
Klaus Kleinfeld	Alcoa	8,000	-4%	2,800
Thomas Wilson	Allstate	0		0
Thomas Russo	American International Group	0		0
Monty J. Bennett	Ashford Hospitality Trust	0		0
Randall Stephenson	AT&T	0		0
William Flynn	Atlas Air Worldwide	0		0
Brian T. Moynihan	Bank of America	17,200	-7%	4,300
Gerald Hassell	Bank of New York Mellon	4,300	23%	930
Thomas Belk, Jr.	Belk	0		0
Larry D. Fink	BlackRock	2,125	40%	744
Richard Daly	Broadridge Financial	280	21%	98
William McCracken	CA Technologies	1,999	16%	700
Gary Loveman	Caesars Entertainment	98	133%	31
Carl Russo	Calix	0		0
Douglas Oberhelman	Caterpillar	15,000	15%	5,250
Tom Monahan	CEB	34	42%	12
John Chambers	Cisco Systems	41,300	13%	14,455
John Thain	CIT Group	undisclosed		186
Michael Corbat	Citigroup	42,600	19%	11,500
Kirk Hachigian	Cooper Industries	no longer reporting		n/a
Wendell Weeks	Corning	11,900	10%	4,165
Michael Ward	CSX Corp	0		0
Larry Merlo	CVS Caremark	0		0
Samuel R. Allen	Deere & Company	3,209	24%	1,123
Richard Anderson	Delta Air Lines	0		0
Michael White	DIRECTV	11	-96%	4
David Zaslav	Discovery Communications	172	-5%	60
Andrew Liveris	Dow Chemical	14,504	14%	5,076

Member of Fix the Debt CEO Council or Business Leaders Council	Company	Unrepatriated offshore earnings ($mil), 2012	% change over 2011	Potential savings if territorial tax system adopted ($mil)
James Rogers	Duke Energy	2,000	18%	350
Rolla Huff	EarthLink	0		0
Alexander Cutler	Eaton	8,000	25%	2,800
John Donahoe, II	eBay	11,900	19%	4,165
Joseph Tucci	EMC Corporation	8,100	27%	2,835
Walter Ulloa	Entravision	0		0
Richard Smith	Equifax	86	0%	6
George Paz	Express Scripts	66	22%	0
Ken Hicks	Foot Locker	835	8%	292
Jeffrey Immelt	General Electric	108,000	6%	37,800
Lloyd Blankfein	Goldman Sachs	21,690	5%	3,750
David Cote	Honeywell	11,600	43%	4,060
Bruce Broussard	Humana	0		0
Barry Diller	IAC/Interactive	402	14%	93
Michael Lamach	Ingersoll-Rand plc	7,500	14%	2,625
Martin L. Flanagan	Invesco Ltd	1,030	5%	361
Robert Gasser	Investment Technology Group	0		0
David Barger	JetBlue Airways	0		0
Jamie Dimon	JPMorgan Chase	25,100	15%	5,700
Carl Camden	Kelly Services	71	129%	25
Thomas M. Joyce	Knight Capital Group	0		0
Reid Hoffman	LinkedIn	undisclosed		n/a
James Tisch	Loews Corp	2,000		700
Patrick Balthrop, Sr.	Luminex	1	-50%	0
Robert Wilmers	M&T Bank	0		0
Terry Lundgren	Macy's	0		0
Arne M. Sorenson	Marriott International	603	34%	211
Dan Glaser	Marsh & McLennan	4,300	5%	1,505
Kenneth Frazier	Merck	53,400	21%	18,690
Steve Ballmer	Microsoft	60,800	36%	19,400
James Gorman	Morgan Stanley	7,191	11%	719
Greg Brown	Motorola Solutions	1,000	0%	350
Robert Greifeld	Nasdaq OMX Group	81	35%	28
Charles Moorman	Norfolk Southern	0		0
Duncan Neiderauer	NYSE Euronext	0		0
Hamid Moghadam	Prologis	0		0
Dr. Paul Jacobs	Qualcomm	16,400	22%	5,800
Thomas J. Quinlan, III	RR Donnelley & Sons	undisclosed		n/a
Marc Benioff	SalesForce.com	0		0

Member of Fix the Debt CEO Council or Business Leaders Council*	Company	Unrepatriated offshore earnings ($mil), 2012	% change over 2011	Potential savings if territorial tax system adopted ($mil)
Mel Karmazin	Sirius XM Radio	0		0
John Lundgren	Stanley Black & Decker	3,902	8%	1,366
Ron Sargent	Staples	902	1%	316
Frits van Paasschen	Starwood Hotels & Resorts	2,900	26%	1,015
Russell Fradin	SunGard Data Systems	100	unknown[5]	35
Brian Rogers	T Rowe Price Group	212	48%	74
Gregg M. Sherrill	Tenneco	728	4%	239
Ronald DeFeo	Terex	851	6%	298
Scott Donnelley	Textron	604	29%	211
Marc Casper	Thermo Fisher Scientific	5,420	15%	1,897
Glenn Britt	Time Warner Cable	0		0
Tom Rogers	TiVo	0		0
D. Scott Davis	United Parcel Service	3,575	12%	1,251
Corporate Member	UnitedHealth Group	94		33
Doug Bergeron	Verifone	293	131%	103
Lowell McAdam	Verizon	1,800	20%	630
Steven Roth	Vornado Realty	0		0
Daniel Fulton	Weyerhaeuser	22	0%	8
Paul Stebbins	World Fuel Services	935	18%	327
Kenneth Goldman	Yahoo	2,000	-38%	700
Total		544,463		173,543
Average		9,387		2,992

Sources and methodology for appendix:

Fix the Debt campaign corporation members and executives: Publicly held firms listed on the campaign web site as of April 22, 2013. In addition to some new corporate members, we noticed there have also been some dropouts, including Boeing, Wal-Mart, and Apollo Global Management (some of whom were included in our November 2012 report, but which are not included here). The executives listed on the Fix the Debt web site are the member companies' current CEOs, with the following exceptions: John Kingston III is Vice Chairman and General Counsel of Affiliated Managers. Roger Sant is Co-Founder of AES. Thomas Russo is Executive Vice President and General Counsel of AIG. William McCracken is the former CEO of CA Technologies. Kenneth Goldman is CFO of Yahoo. In the case of UnitedHealth Group, the firm is listed as a corporate member, with no executive identified.

Unrepatriated offshore earnings: Income tax footnote to most recent corporate 10-K reports filed with the SEC. In total 62 of the 93 publicly traded members of Fix the Debt have unrepatriated foreign profits that are untaxed in the United States. Three Fix the Debt member companies (AES Corporation, LinkedIn, and R.R. Donnelley & Sons) disclose that they have unrepatriated foreign profits, but do not disclose the value of their untaxed foreign profits. These three firms are not included among the 59 firms included in calculating total offshore earnings among Fix the Debt supporters. One firm – CIT Group – discloses its potential liability though not the value of underlying untaxed foreign profits. Because it discloses its potential liability we did include it in the universe of 59 companies, even though its total unrepatriated earnings are not a part of the cumulative total for that universe.

Potential savings if territorial tax system adopted: Of the Fix the Debt companies surveyed, 16 reported in their 10-K filings exactly the amount of income taxes that would be accrued or paid upon repatriation of foreign earnings. In these cases, we used the reported figure for their U.S. tax liabilities on these earnings (which is the same as their potential savings if a territorial tax system were adopted). The following companies reported this figure: Affiliated Managers Group, Air Products & Chemicals, Bank of America, Bank of New York, Caesars Entertainment, CIT Group, Citigroup, Duke Energy, Equifax, Goldman Sachs, IAC/Interactive, JPMorgan Chase, Microsoft, Morgan Stanley, Qualcomm, and Tenneco.

Most companies decline to divulge this tax liability information. In those cases IPS assumes that the full 35 percent U.S. corporate tax would be due on these untaxed foreign profits and we report this potential liability using the conditional language "as much as."

Most companies have paid some foreign taxes on their offshore profits and U.S. corporate tax law provides a full tax credit for all taxes paid to foreign governments. But this is not true for every corporation. For example, Qualcomm, which has more than $16 billion in untaxed offshore profits, reports a negative foreign tax rate (-0.4%), and would owe the full 35 percent on any funds it returned to the United States. .

Endnotes

[1] Of the 93 public companies that are Fix the Debt members, two are Real Estate Investment Trusts (REITs) which do not generally pay U.S. corporate income taxes and which therefore have no incentive to shift profits offshore. Five of the 93 companies are registered abroad – four of the five used to be incorporated in the United States before shifting their corporate registrations to tax haven nations. Three of the four continue to have potential U.S. tax liability associated with their offshore unrepatriated profits. Sixty-one companies disclose in their 10-K reports that they have unrepatriated foreign profits, but three of these fail to disclose the value of those foreign profits. Thus the calculation of foreign profits per company is based on the 59 companies that disclose.

[2] Verizon is the only company not to report a subsidiary registered in a tax haven nation.

[3] https://www.fas.org/sgp/crs/misc/R40178.pdf

[4] http://www.census.gov/econ/smallbus.html

[5] SunGard Data Systems reported in 2011 that it had untaxed foreign profits and reported its expected tax liability, but did not disclose the total amount of unrepatriated profits. In 2012, they reported their total unrepatriated profits as "approximately $100 million." As it is not possible to determine a percentage increase without knowing the amount of unrepatriated offshore profits in 2011, we report their increase as "unknown."