



The Honorable Chuck Schumer  
Majority Leader  
United States Senate  
Washington, D.C. 20515

The Honorable Nancy Pelosi  
Speaker of the House  
United States House of Representatives  
Washington, D.C. 20515

The Honorable Bernie Sanders  
Chairman  
Budget Committee  
United States Senate  
Washington, D.C. 20515

The Honorable John Yarmuth  
Chairman  
Budget Committee  
United States House of Representatives  
Washington, D.C. 20515

July 9, 2021

**RE: Including International Tax Provisions from the Made in America Tax Plan in Reconciliation Bill**

Dear Majority Leader Schumer, Speaker Pelosi, Chairman Sanders, and Chairman Yarmuth:

We urge you to seize the unique opportunity of the budget reconciliation process to enact the President's proposed reforms of US international tax laws – reforms that would tackle multinational corporate tax avoidance and reduce incentives to offshore American jobs.<sup>1</sup>

The Financial Accountability and Corporate Transparency (FACT) Coalition is a non-partisan alliance of more than 100 state, national, and international organizations working toward a fair tax system that addresses the challenges of a global economy and promoting policies to combat the harmful impacts of corrupt financial practices.<sup>2</sup>

Reforming our international tax system would yield massive revenues to fund investments in physical and human infrastructure within and outside the ten-year budget window. This much-needed structural reform would simultaneously fulfill multiple objectives:

- It would significantly reduce tax incentives to offshore American jobs and capital investment;
- It would significantly curb tax havens abuse, thereby improving tax morale and leveling the playing field between multinational corporations and small businesses; and
- It would, when coupled with a successful outcome of the ongoing international tax negotiations facilitated by the Organization for Economic Cooperation and Development (OECD), also:

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<sup>1</sup> U.S. Department of the Treasury, "The Made in America Tax Plan," April 2021, [https://home.treasury.gov/system/files/136/MadeInAmericaTaxPlan\\_Report.pdf](https://home.treasury.gov/system/files/136/MadeInAmericaTaxPlan_Report.pdf).

<sup>2</sup> For a full list of FACT members, please see <https://thefactcoalition.org/about-us/coalition-members-and-supporters/>.

- Level the playing field between US and foreign multinational corporations;
- Empower developing countries to raise much needed revenue on their own to recover from the pandemic; and
- Be anchored in an international agreement that would make both reforms more sustainable over the long term.

A recent national opinion poll demonstrates the popularity of measures to close loopholes that multinational corporations use to avoid paying taxes they would otherwise be required to pay. Equalizing taxes on foreign profits is the most popular corporate tax reform, with nationwide polls showing as much as 70 percent of the public in favor.<sup>3</sup> Democratic, Independent, and Republican voters alike favored tax measures that would take on jobs outsourcing and abuse of tax havens by multinational corporations as well as level the playing field for small businesses.

To meet these objectives, Congress must take bold action. In reforming the tax code, we urge Congress to consider fully equalizing the rates multinational corporations pay on their foreign and domestic profits. Proposals that fall short of fully equalizing the rates run the risk of baking in continued tax haven abuse and jobs outsourcing. Equalizing the rates would have the added benefit of relieving pressure on negotiations around the statutory rate for corporate taxes. This proposal is consistent with the recent international tax reform framework proposed by leading members of the Senate Finance Committee.<sup>4</sup>

We therefore respectfully request that you develop a budget resolution that leans into international tax reform, with a revenue target that would take into account key provisions of the Administration's Made in America Tax Plan. It is estimated that the following provisions will raise \$1.53 trillion of revenue over ten years:

- Reform the Global Intangible Low-Taxed Income (GILTI) tax (\$534 billion, or more if the GILTI is fully reformed to equalize rates on foreign profits with domestic rates);
- Replace the Base Erosion and Anti-abuse Tax (BEAT) with the Stop Harmful Inversions and End Low-tax Developments (SHIELD) tax (\$390 billion);
- Eliminate the Foreign-Derived Intangible Income (FDII) tax break (\$124 billion);
- Eliminate tax breaks for foreign oil income (\$86 billion); and
- Limit excessive and abusive interest deductions taken against US income (\$19 billion).

As you begin the reconciliation process, we likewise encourage you to include the No Tax Breaks for Outsourcing Act (S. 714, H.R. 1785) in the package to deliver on these revenue goals. The legislation is consistent with the Administration's approach and with the framework developed by Senate Finance Committee. The bill is co-sponsored by more than half of the House Democratic Caucus.

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<sup>3</sup> Americans for Tax Fairness, "Pol shows strong desire for higher taxes on the wealthy and corporations," June 9, 2021, <https://americansfortaxfairness.org/wp-content/uploads/ALG-HART-ATF-POLL-MEMO-JUNE-2021-FINAL.pdf>.

<sup>4</sup> Office of Senator Mark Warner, "Warner, Wyden, Brown Unveil International Taxation Overhaul," April 5, 2021, <https://www.warner.senate.gov/public/index.cfm/2021/4/warner-wyden-brown-unveil-international-taxation-overhaul>.

Thank you for your consideration. If you have further questions, please contact Erica Hanichak at [ehanichak@thefactcoalition.org](mailto:ehanichak@thefactcoalition.org).

Sincerely,

Ian Gary  
Executive Director

Erica Hanichak  
Government Affairs Director

*CC: Members of the Senate Budget Committee*  
*CC: Members of the House Budget Committee*

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