Re: No Tax Breaks for Outsourcing Act (H.R. 884 / S. 357)

Dear Member of Congress,

We, the 61 undersigned organizations write to express our support for the No Tax Breaks for Outsourcing Act (H.R. 884 / S. 357), which would eliminate harmful incentives to shift corporate profits as well as real operations – American jobs and investment – offshore. The bill would ensure that U.S. multinational corporations pay at least the U.S. statutory tax rate (currently 21 percent) on their income in every country where they operate. We ask you to co-sponsor this vitally needed pro-labor legislation.

The global race to the bottom on taxes has drained government coffers, hollowed out our public health and social services, and given rise to levels of economic inequality not seen since the Gilded Age. The No Tax Breaks for Outsourcing Act would help to end this race to the bottom by aligning the U.S. with the historic international agreement on a global minimum tax that was led by the United States, and is already being implemented by our allies in the European Union, United Kingdom, Japan, South Korea and other countries. Crucially, the tax on foreign profits would apply on a country-by-country basis, to stop companies from dodging taxes by using subsidiaries in low-tax countries and pushing the tax burden on American small businesses and individual taxpayers.

Current U.S. tax law results in losses of revenue that should be funding critical public investments in healthcare, education, infrastructure, and other priorities. Moreover, the current law offers incentives for multinational corporations, including big pharmaceutical companies like Pfizer, to continue to shift their profits and production abroad. The current law guarantees that U.S. multinational corporations will pay at most one-half the domestic rate in federal taxes on their offshore earnings, with many companies paying little or nothing in federal taxes on these earnings. This means that a U.S. multinational company will pay a much lower tax rate if it invests in Ireland than if it invests in Indiana.

The No Tax Breaks for Outsourcing Act would provide a simple, straightforward fix to one of the costliest problems created by the Tax Cuts and Jobs Act and bolster President Biden’s corporate tax agenda. It would level the playing field for small and wholly domestic businesses by eliminating the deep discount that multinational companies get for shifting profits offshore and outsourcing jobs. It is counterproductive to the goals of a fair and growing economy to allow U.S. companies to pay a lower tax rate abroad than they pay in the United States.

The legislation would also close the corporate inversion loophole, which allows companies to avoid paying U.S. taxes by pretending to be a foreign company on paper. The bill would prevent an American corporation from using a merger with a foreign company to claim that it is
foreign for tax purposes if it continues to be managed and controlled in the United States, or if a majority of the U.S. company’s shareholders own the resulting company after the merger. Additionally, the legislation would curb the biggest incentive for companies to invert by limiting the practice of earnings stripping, in which intercompany loans are used to shift profits out of the United States into low-tax subsidiaries.

**Economists have calculated that the No Tax Breaks for Outsourcing Act would raise an estimated $770.5 billion over the 10-year budget window.** Preventing U.S. domiciled multinational companies from avoiding their fair share of taxes would support much-needed public investment in America’s families and workers. Corporate taxes are levied on profitable, not unprofitable, businesses. And the investments new revenues could underwrite – from infrastructure to healthcare to child tax credits – would have a stimulative effect on the economy. Returning a measure of fairness to our nation’s tax code in this fashion would support a strong and equitable recovery for all.

**We strongly encourage you to co-sponsor the No Tax Breaks for Outsourcing Act in order to make our tax system fairer, raise critically needed revenue, support U.S. workers, and encourage job creation here in America.**

Thank you for taking our views into account. If you have questions, please contact Zorka Milin at zmilin@thefactcoalition.org.

Sincerely,

AfricaFocus Notes
American Family Voices
American Federation of Government Employees (AFGE)
American Federation of Labor & Congress of Industrial Organizations (AFL-CIO)
American Federation of State, County and Municipal Employees (AFSCME)
Americans for Democratic Action (ADA)
Americans for Tax Fairness
Campaign for America’s Future
Center for Economic and Social Rights (CESR)
Center for Popular Democracy
Coalition on Human Needs
Communications Workers of America
Community Change
Crude Accountability
Daily Kos
Financial Accountability and Corporate Transparency (FACT) Coalition
Friends of the Earth U.S.
Fund for Constitutional Government
Global Alliance for Tax Justice
Global Financial Integrity
Greenpeace USA
Institute for Policy Studies-Program on Inequality
Institute on Taxation and Economic Policy (ITEP)
Interfaith Center on Corporate Responsibility (ICCR)
International Association of Machinists and Aerospace Workers
International Campaign for Responsible Technology
International Federation of Professional and Technical Engineers (IFPTE)
International Rights Advocates
IUE-CWA
Jubilee USA Network
Liberty Shared
Main Street Alliance
Missionary Oblates
MomsRising
National Education Association
National Employment Law Project
National Organization for Women
NETWORK Lobby for Catholic Social Justice
New Rules for Global Finance
Oxfam America
Patriotic Millionaires
Public Citizen
Responsible Wealth
Rights CoLab
RootsAction.org
Service Employees International Union (SEIU)
Small Business Majority
Sierra Club
Sisters of Saint Francis of Philadelphia
Strong Economy For All Coalition
Take on Wall Street
Tax Justice Network
Teamsters
UFCW International Union
Union Veterans Council, AFL-CIO
United Auto Workers
United Church of Christ, Justice and Local Church Ministries
United for a Fair Economy
United Steelworkers (USW)
US-Africa Bridge Building Project
Working Partnerships USA