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The major pharmaceuticals company Pfizer recently made headlines when it attempted to acquire Astra-Zeneca, which would allow it to become a "foreign" company for tax purposes, but the drug maker is not alone. There has been a surge of American companies that have changed the address of their headquarters to a foreign country, a maneuver referred to as an "inversion" that allows them to avoid U.S. taxes. The FACT (Financial Accountability and Corporate Transparency) Coalition hails the introduction of legislation to close the "inversion" loophole,.

The Stop Corporate Inversions Act, was introduced in the House by Representative Sander Levin (D-MI), the ranking member of the House Ways and Means Committee, and a similar bill was introduced in the Senate by Senator Carl Levin (D-MI).

Inversion allows companies to maximize the benefits of exploiting offshore tax loopholes. Many multinationals use accounting tricks to make profits earned in the U.S. appear on the books of subsidiaries in tax havens like the Cayman Islands. While an American company must pay U.S. tax on those profits it claims were made offshore if it wants to use the money to pay dividends to shareholders or make certain U.S. investments, once a corporation characterized as foreign, the profits it books offshore are exempt from U.S. tax, increasing the reward for exploiting offshore loopholes.

"This bill represents a real step forward in compelling companies that have done well in America to do well by America," commented Nick Jacobs, Communications

Director of the FACT Coalition. “Congress should waste no time in closing the

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their shareholders are not the same as those of the pre-inversion parent company.

This important reform is based on a proposal from the President’s budget that would save taxpayers \$17 billion over the next decade at a time when corporate tax avoidance is leading to substantial revenue losses in the U.S. and around the globe, including in the developing world.

“We hope Congress will stand with regular Americans, who foot the bill for corporate tax avoidance, by passing this bill,” continued Jacobs.

Income Tax

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