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on Congress to reject the tax extenders package that includes two wasteful offshore loopholes that allow U.S. companies to dodge billions worth of taxes.

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The Financial Accountability and Corporate Transparency (FACT) Coalition is calling on Congress to reject the tax extenders package that includes two wasteful offshore loopholes that allow U.S. companies to dodge billions worth of taxes.

The tax extenders are a set of 54 temporary tax breaks, which are ostensibly designed to stimulate the economy and encourage business investment. These extenders usually last for a year or two, and the last set expired at the end of 2013. Although the Senate Finance Committee passed another two-year extension, the full House voted to make many of them permanent.

In prior years, these extenders have escaped scrutiny and were passed in the dead of night. That this package, which will cost taxpayers approximately \$45 billion over the next decade, is now being debated out in the open has shown that many of the provisions are specialized corporate loopholes, and have been described as special interest spending earmarks.

Two of the most egregious loopholes allow U.S. multinationals to avoid U.S. taxes on their profits by making it appear as though they were generated offshore.

The first is what is known as the CFC Look-Through Rule, which allows corporations to create “stateless income” by treating income, at least for tax purposes, as having been earned in a low or no-tax country where the company has no employees, no operations, and no real economic activity taking place. Instead, most of the places contain only a mailbox.

The Active Financing Exception is the second offshore loophole. While passive

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breaks to already profitable corporations. President Obama promised to veto an earlier incarnation of this package. This version is no better and should be vetoed, too.”

“When Congress incentivizes corporations to continue avoiding their taxes by manipulating their tax bills, average American taxpayers have to pick up the tab in the form of cuts to public programs, higher taxes, and more debt,” said Jaimie Woo, Tax and Budget Advocate for U.S. PIRG. “Tax breaks deserve the same amount of scrutiny as spending items, and the package shouldn’t be rubberstamped without specifically taking out the most egregious loopholes that are just simply special interests giveaways.”

“I don’t understand why Congress would want to reinstate loopholes that reward companies for hiding profits offshore and cost us billions annually as part of the tax extenders package,” said Fair Share National Campaign Director Nathan Proctor. “Let’s make everyone pay their fair share. Let these loopholes that reward offshore tax havens stay expired — that’s where they belong.”

Income Tax

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