

CONTACT: Nicole Tichon  
Executive Director  
[Tax Justice Network USA](#)  
nicole@tjn-usa.org  
202-758-9552

CONTACT: Anne Singer  
Communications Director  
Citizens for Tax Justice  
[anne@ctj.org](mailto:anne@ctj.org)  
[202-271-4679](tel:202-271-4679)



## Will Today's Hearing on Tax Games Cover New Territory?

### Ways and Means Chairman Camp Is Already Committed to a "Territorial" Change That Would Expand Opportunities for Tax Haven Abuse

(WASHINGTON) – A hearing on ["Tax Havens, Base Erosion and Profit-Shifting"](#) will be held today by the House Ways and Means Committee. The tax writing Committee's chairman, Dave Camp of Michigan, has already proposed a "territorial" tax system that exempts the offshore profits of corporations from U.S. taxes. Members of the [Financial Accountability and Corporate Transparency \(FACT\) coalition](#) representing over 100 state, national and international groups, question why Chairman Camp remains committed to a tax system that would make it *even easier* for companies to abuse tax havens.

"Chairman Camp ought to call his hearing, 'How to Expand Tax Havens, Base Erosion and Profit-Shifting' because that is exactly what his proposed territorial tax system will do," said Steve Wamhoff, legislative director for Citizens for Tax Justice.

"When large multinationals use accounting tricks to book profits to tax haven shell companies, the rest of us get stuck with the tab," said Dan Smith, Tax and Budget Advocate for U.S. PIRG. "The last thing Congress should do is hand multinationals a 'get out of taxes free' card by moving to a territorial tax system. Multinationals that can afford armies of lawyers and accountants shouldn't be able to shift their tax burden on to small businesses and average taxpayers," he said.

Today's event follows a hearing on Apple's offshore tax strategies held by the Senate Permanent Subcommittee on Investigations. The hearing revealed how extensively the company exploits the loophole that allows companies to "defer" paying taxes on profits deemed "foreign," including funneling \$30 billion through a phantom Irish shell company with no employees. A territorial tax system would expand "deferral" into a tax exemption on profits booked offshore.

Members of the FACT coalition, call on lawmakers to reduce or eliminate the tax benefits of "deferral" rather than expanding this tax break into an exemption under a territorial tax system.

A recent report by the [Congressional Research Service](#) sheds light on the practices of multinational corporations that shift greater and greater amounts of profits to low- and no-tax jurisdictions with little or no other economic activity. In Bermuda, for example, profits reported by subsidiaries of U.S. multinationals accounted for 1000% percent of the country's GDP, up from 260% in 1999. The report also "shows that the discrepancy between where profits are reported and where hiring and investment occurs, as examples of business activity, has increased over time. American companies reported earning

43% of overseas profits in Bermuda, Ireland, Luxembourg, the Netherlands, and Switzerland in 2008, while hiring 4% of their foreign workforce and making 7% of their foreign investments in those economies.”

The massive profit shifting of corporate profits into tax havens challenges governing bodies around the world to take on powerful special interests that benefit from these practices.

“This gaming of the global tax system by the world's most prominent corporations -- assisted by the world's most prominent law firms, accounting firms, and lobbyists -- has existed for many years. But in the last decade it has exploded, costing US tax authorities alone at least \$70 to \$100 billion per year of lost revenue. It costs developing countries even more --- even though they are seriously underrepresented in the OECD/BEPS reform process,” said Jim Henry, author of the Tax Justice Network report, “The Cost of Offshore Revisited.”

**For a FACT sheet on tax haven abuse by the numbers, [click here](#).**

**For Citizens for Tax Justice’s report, Apple Is Not Alone, [click here](#).**

**For Tax Justice Network’s report, The Price of Offshore Revisited, [click here](#).**

Watch clips on the [territorial tax system and corporate tax dodging from “We’re Not Broke” here](#).

*The FACT Coalition includes a broad range of organizations with an interest in seeing offshore tax loopholes closed due to their impact on jobs, critical programs, small businesses, human rights, corruption and national security. The FACT coalition seeks to achieve greater financial accountability and transparency within financial institutions, corporations and government. We invite you to learn more about us and our members at <http://www.tjn-usa.org/current-campaigns>.*