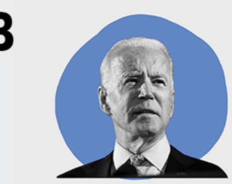
BIDEN WILL USE TAX CODE TO CURB CORPORATE OFFSHORING, WHICH HAS FLOURISHED UNDER TRUMP



TOPLINE POINTS

- Joe Biden wants to bring good-paying jobs back to America by **closing tax loopholes and ending tax breaks that encourage corporations to outsource jobs** while dodging their fair share of taxes.
- **Biden will impose an "Offshoring Tax Penalty" on U.S. corporations that produce goods and services offshore but are sold in America.** He will tax those profits at a higher rate—30.8%—than his proposed domestic corporate tax rate of 28%.
- Biden will **reverse the Trump-GOP tax cuts that reward corporations for outsourcing American jobs and shifting profits to foreign tax havens to dodge U.S. taxes**. Despite claims that the 2017 Trump-GOP tax law would end offshoring of jobs and profits, it actually promoted both practices, which continue to flourish under Trump.
- Biden will **double Trump's very low 10.5% tax rate on foreign profits of American corporations**, regardless of where they are sold. This will discourage outsourcing, bring jobs back to America and discourage the shifting of profits to tax havens to avoid taxation. Trump and Republicans in Congress actually cut the U.S. tax rate on foreign profits to just 10.5%—half the current rate on American-made profits.
- Biden will **end the Trump tax break corporations get when they build more facilities offshore**. He will close other loopholes that let corporations use unpatriotic strategies such as changing their legal address to a tax haven, known as an inversion, to dodge taxes.
- To create more U.S. jobs, **Biden will provide a "Made in America" tax credit of 10% to corporations that bring offshore jobs back home,** reopen or retool U.S. facilities, expand domestic production, or raise manufacturing wages.

BIDEN WILL REVERSE TRUMP-GOP TAX POLICIES THAT PROMOTE OUTSOURCING & TAX DODGING, PLUS OFFER NEW INCENTIVES FOR DOMESTIC PRODUCTION

- Joe Biden will discourage American corporations from producing products and services offshore for sale back into the U.S. by taxing them at higher rates than corporations that produce at home. Under Biden's "**Offshoring Tax Penalty**," domestic producers will pay a tax rate of 28%, while firms that produce offshore for the American market will pay 30.8%.
- Biden will also **double the tax rate on all foreign profits of American firms**, regardless of where their sales occur. President Trump and the GOP lowered the current effective tax rate on foreign profits to just 10.5% (from 35% in 2017)—Biden will hike it to 21%.
- Biden will end the perverse incentive that rewards corporations with lower U.S. taxes when they build and staff factories and other physical plants offshore.

- Biden will stop corporations from dodging a minimum U.S. tax on offshore profits by using their tax payments in a few high-tax countries to cancel out their no- or low-tax treatment in notorious tax havens. Instead, the American corporate minimum tax will be applied on a country-by-country basis, so that even though a firm paid a reasonable tax rate in, say, France, it still has to make up for the low or no taxes it paid in Switzerland.
- Biden will provide a "**Made in America" tax credit** to get corporations to produce and create jobs here at home. It will provide a 10% tax credit to firms that "onshore" jobs from offshore; reopen closed facilities or keep open facilities threatened with closure; retool facilities for new production; or raise wages above pre-COVID levels for manufacturing workers making less than $100,000.
- Biden will close other loopholes that let corporations use unpatriotic strategies such as changing their legal address to a tax haven, known as an inversion, to dodge taxes.

TRUMP & THE GOP PROMISED TO END OFFSHORING WITH THEIR 2017 TAX LAW, BUT INSTEAD OFFERED NEW INCENTIVES TO SEND PROFITS AND JOBS OFFSHORE

- Despite claims that it would end offshoring, the 2017 Trump-GOP tax law actually promotes offshoring of American jobs and profits.
- The law effectively taxes foreign profits of American firms at 10.5%, just half the 21% rate on domestic earnings—a big incentive to shift profits offshore.
- In addition, the law encourages American corporations to shift not only profits but actual brick-and-mortar facilities to foreign countries to be staffed by foreign workers. It exempts from U.S. taxation the first 10% in profits made on investments in offshore plant and equipment, so the more physical investment offshore, the fewer dollars paid in U.S. taxes.

BECAUSE OF THE FAILURE OF THE GOP TAX LAW, OFFSHORING CONTINUES TO FLOURISH

- The number of offshore jobs that returned to the U.S. jumped to more than 84,100 in 2017, before the Trump tax cuts took effect, but declined to 47,900 in 2019, which was less than the 54,900 in 2016, under President Obama.
- Just like before the 2017 law, around 60% of the foreign profits of U.S. multinational corporations are reported in just seven notorious tax havens. Since it is impossible for these tiny countries to account for so much real business activity, the huge corporate profits claimed to be earned there are clearly the result of accounting maneuvers that shift earnings from the U.S. and other countries to avoid taxes.
- Supporters claimed the Trump-GOP tax law—specifically, the big corporate tax cut—would lead to a business investment boom. But after a growth spurt in the first quarter of 2018, the rate of new capital investment declined, coming in flat at 0.0% for the second quarter in 2019 and then falling into negative territory in the last quarter of 2019. Another analysis found that the percent change in private domestic investment from 2017 to 2019 was well below Obama's average (p. 48).