

***What Is a Corporate Inversion and a Corporate Deserter?** The “corporate inversion” tax loophole lets a U.S. company renounce its corporate “citizenship” and move its address offshore by merging with a foreign company. The merged corporation then pays most of its taxes to a foreign government – usually a tax haven – with a low tax rate. (It still pays some taxes to the U.S. on the profits generated here, although an inversion allows it to reduce the amount of taxable U.S. profits.) This allows it to dodge paying its fair share of U.S. taxes. The “inversion” takes place primarily on paper, as most corporate operations remain in the United States.*

In the words of President Obama...

- “We need to stop companies from **renouncing their citizenship** just to get out of paying **their fair share of taxes.**” These companies are “corporate deserters.”
- “They’re not actually going anywhere. They’re keeping most of their business here. They’re usually keeping their headquarters here in the United States. They don’t want to give up the best universities and the best military, and all the advantages of operating in the United States. **They just don’t want to pay for it.**”
- “I want an **economic patriotism** that says we rise or fall together, as one nation, and as one people.” “The vast majority of American businesses pay their taxes right here in the United States. But when some companies cherry-pick their taxes, it damages the country’s finances. **It adds to the deficit.** It makes it harder to invest in the things that will keep America strong, and it **sticks you with the tab** for what they stash offshore.”

ATF’s Recommended Message Points

- Corporations that shift their address to a tax haven are **deserters**. They are **traitors that turn their backs** on America. They are **unpatriotic** and **un-American**.
- They take advantage of a **loophole** in our tax code. They use **accounting schemes** and **legal maneuvers** to **move their corporate address offshore**. This **sham** takes place **primarily on paper**.
- They give up their American status **to avoid paying their fair share in taxes**. They **duck, dodge** and **renege on** their responsibilities. They **cheat** the system. They **refuse** to pay their fair share.
- These corporations **want all the benefits and privileges** of being a U.S. company. They want to take advantage of our workforce educated in public schools, our legal and transportation systems, and federally-funded research – **without paying for that right**. They still want to make huge profits selling products to millions of American consumers and to get lucrative government contracts.
- They leave American taxpayers to **pick up the tab**. They **stick us with the bill**. As a result, American families pay higher taxes, get fewer services or we all get a bigger deficit.
- Congress must **close tax loopholes** like this that help corporations to **shift jobs and hide profits offshore**. Congress needs to **level the playing field** so that big corporations have to **play by the same rules** as Main Street businesses that are doing their part.
- These **selfish** corporations **know no country**, they **feel no patriotism**, and they **have no allegiance to America** – just to the **almighty dollar**.

Highlights of Corporations that Inverted or Tried to Invert

- The big drug company **AbbVie from Illinois** recently announced a merger with **Shire, an Irish drug company**. By deserting America for an overseas address AbbVie will be able to **cut its tax rate from 22% to just 13%**.
- The giant medical device maker **Medtronic, based in Minnesota**, is merging with **Covidien**, a company **headquartered in Massachusetts**. But Covidien's corporate address is actually **Ireland where the tax rate is just 12.5%**. With a merger, Medtronic will also be able to use **\$20 billion in profits it has stashed offshore**, where it is avoiding U.S. taxes, to finance the merger. This will allow it to permanently avoid paying taxes on a lot of that money.
- The generic drug company **Mylan, based in Pittsburgh**, is buying another American company, Abbott Pharmaceuticals, and **changing its corporate address to the Netherlands**. Mylan will **lower its tax rate from 21% now to the high teens**. Mylan has gotten **\$3 billion in contracts from the Veterans Administration** in recent years.
- After a lot of public pressure, **Walgreens** recently decided not to change its corporate address to the tax haven of Switzerland. Walgreens was trying to **dodge \$4 billion in taxes over five years** by deserting to Switzerland, even though it **gets a quarter of its income from taxpayers** through the Medicare and Medicaid programs.
- If **Pfizer**, the giant drug company, had succeeded in merging with **AstraZeneca** to become a British company, it was going to **dodge \$1 billion a year in U.S. taxes**. And Pfizer got more than **\$4 billion in federal contracts** in recent years. Pfizer is still looking for an offshore company to merge with.

- We need to tell these companies – if you desert America, we will desert you. If you are no longer an American company, we will no longer be your customers. And we will demand that the federal government stop being your customer.
- Call or write your members of Congress. Tell them to pass legislation NOW to stop these companies from deserting America.