



September 17, 2014

Thomas J. Donohue
President and CEO
U.S. Chamber of Commerce
1615 H Street, NW
Washington, DC 20062

Dear Mr. Donohue:

I am writing to object strongly to a deceptive [multi-million dollar advertising campaign](#) that the U.S. Chamber of Commerce is conducting.

The television and print ads defend corporate inversions – a tax loophole that enables corporations to renounce their U.S. “citizenship” in order to avoid paying their fair share of taxes. Your campaign implies that efforts to close this loophole will directly hurt millions of American families and businesses. However, about a [dozen companies](#) are currently in the process of inverting – all of them multinational corporations.

In short the Chamber, which claims to “represent the interests of more than 3 million businesses,” is leading a fight to preserve a costly tax loophole benefitting a relatively small number of big corporations that is not in the interests of the vast majority of your members. If you succeed you will ensure that the public and your small business members pick up the tab for these tax deserters – or the deficit will increase should the revenue not be replaced.

Your advertising campaign is deceptive in other ways. In one ad, a photo of a middle-aged woman receiving bad news in the mail is used to argue against action to restrict corporate inversions. A television ad claims that “there are some who want American employers and their workers to go backwards” – the footage runs in reverse to demonstrate that the idea is ludicrous. The spot includes shots of average working Americans but the subject is really about corporate inversions, which will hurt those same American workers and their communities. A photograph of small businesses on Main Street – each displaying an American flag – is used in an ad defending corporate inversions. Rather than cynically use small businesses and American families to justify corporate inversions why not be truthful in your advertising and show the corporate logos of Pfizer, Burger King, Medtronic, Chiquita and a host of other companies trying to shortchange America.

The content of the Chamber’s ads is equally misleading. For example, one ad asks readers to consider “what if the government took back your legal tax deductions from last year?” The words are meant to evoke a sympathetic response, but the topic is corporate inversions, not personal tax deductions.

One of the most misleading claims in the Chamber’s campaign is central to your strategy for corporate tax reform – that high U.S. corporate income tax rates put American companies at a

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disadvantage with foreign competitors. The Chamber deliberately focuses attention only on the top *statutory* rate – what profitable corporations are supposed to pay – but it omits mention of *effective* tax rates – what corporations actually pay after accounting for tax loopholes.

In fact, U.S. corporations on average pay about the same rate as corporations in other countries. Some large American corporations pay far less than their domestic and foreign competitors, and some pay nothing at all. For example:

- The U.S.’s average effective corporate tax rate is [27.1% compared with 27.7%](#) for the other 30 OECD countries, according to the Congressional Research Service.
- Profitable U.S. corporations paid income taxes amounting to just [12.6% of worldwide income in 2010](#), according to the Government Accountability Office.
- A Citizens for Tax Justice (CTJ) survey of 288 corporations, which included most of the Fortune 500 firms that were profitable each year from 2008 through 2012, found that they [paid an average effective federal tax rate of just 19.4% over that period](#).
- CTJ also found that 26 profitable Fortune 500 firms paid no net federal income taxes from 2008-2012. General Electric, got \$3.1 billion in refunds on \$27.5 billion in profits.

The Chamber’s ads are not only deceptive – they are hypocritical. They attack the idea that legislation to restrict corporate inversions should be made retroactive in order to lessen incentives for corporations to race to invert before Congress can pass legislation to stop them. The Chamber implies that such actions would be unprecedented, but changes in tax law [are often retroactive](#), as the U.S. Department of Treasury has noted. In fact, the Chamber itself [has spent millions of dollars lobbying](#) for the retroactive passage of “tax extenders,” big corporate tax breaks that routinely have been [extended and backdated over the past decade](#).

The main beneficiaries of the Chamber’s positions on tax extenders, inversions and corporate tax rates are some of America’s largest corporations, rather than its 3 million mostly small business members. (The vast majority of small businesses do not file as C corporations so corporate tax reform that lowers tax rates will not benefit them.) When some large corporations use inversions and other strategies to avoid paying their fair share of taxes, it gives them a substantial competitive advantage over both their large and small competitors. And their tax avoidance results in reduced public services or higher taxes for everyone else.

American citizens, including the owners of small and medium-sized businesses, need to have accurate information so they can demand that their interests are fairly represented in Washington. Yet the ad campaign by the Chamber is clearly meant to misinform. We urge you to end this deceptive campaign and instead engage in an honest conversation about tax reform – one that serves the interests of all your members.

Sincerely,



Frank Clemente
Executive Director