

**COMMENTS TO THE U.S. TREASURY DEPARTMENT AND THE INTERNAL REVENUE SERVICE ON THE PROPOSED “SERIAL INVERTER” RULE**

July 7, 2016

# Docket Name: Inversions and Related Transactions (REG-135734-14)

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The Coalition on Human Needs, which represents more than 100 national member organizations and maintains a network of tens of thousands of individuals and groups nationwide, strongly supports the proposed rule on **Inversions and Related Transactions**, also known as the “serial inverter” rule. We are very pleased that the Treasury Department took this action to protect the loss of critical tax dollars by U.S. corporations seeking to shift their legal address offshore, typically to a tax haven. This rulemaking is necessary because inversions are an increasingly abusive form of tax avoidance and the U.S. Congress has failed to take preventive action.

Inversions are one of the more egregious forms of tax dodging. They occur when U.S. multinational corporations purchase a foreign company in order to shift their corporate headquarters on paper to a low-tax (or no-tax) jurisdiction to avoid paying U.S. corporate income taxes. These inversions do not change anything about how the business is conducted or where it is managed – they are simply a way for a corporation to avoid paying its fair share of taxes. Clearly, corporations that desert America should not be rewarded with a tax break.

The Joint Committee on Taxation estimates that corporate inversions could result in a loss to the Treasury of [$34 billion over the next 10 years](http://democrats.waysandmeans.house.gov/sites/democrats.waysandmeans.house.gov/files/documents/JCT%20memo%20on%20inversion%2012-2-14.pdf), money that is needed for priorities that can improve our local communities and invest in our people. The members of the Coalition on Human Needs strongly support the Treasury Department’s responsible effort to collect revenues owed by corporations because allowing tax avoidance schemes hurts the vast majority of Americans who must cope with inadequate services and crumbling infrastructure. The lowest-income Americans lose the most when corporations evade their responsibilities, but we all suffer from the failure to invest.

We endorse the comments supporting this rule recently submitted by Americans for Tax Fairness and have uploaded them with this submission. We agree with Americans for Tax Fairness that Treasury needs to go beyond this narrowly tailored rule that just applies to serial inverters, which is when a company has engaged in multiple inversions in a three-year period. Most inversions or mergers do not occur with offshore corporations that are serial inverters. It is necessary and consistent with the law to go beyond the scope of this proposed rule to prevent so-called “hopscotch loans” when U.S. corporations invert or merge with foreign companies. This is a way that U.S. corporations can get tax-free access to their existing offshore profits and permanently avoid paying U.S. taxes on them.

Thank you for your attention to these comments.