

**21 ORGANIZATIONS' LETTER TO THE SECURITIES AND EXCHANGE COMMISSION URGING
INCREASED DISCLOSURE OF CORPORATE OFFSHORE SUBSIDIARIES AND THE USE OF TAX HAVENS**

Mr. Brent J. Fields, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File No. S7-06-16, Business and Financial Disclosure Required by Regulation S-K

Dear Mr. Fields,

The undersigned 21 organizations, representing millions of individual members, strongly support the proposal to require corporate disclosure of offshore subsidiaries so that investors, regulators, lawmakers and the general public can better assess the financial status of U.S. corporations and the taxes they owe. Specifically, we support revising Item 601(b)(21) to require registrants to disclose all subsidiaries, without exceptions, and to require disclosure each year on a country-by-country basis of those subsidiaries' revenues, profits, income tax paid, effective tax rate, accumulated profits, and number of employees.

U.S. multinational corporations conduct much of their business overseas through foreign subsidiaries. A recent report estimated that [U.S. firms hold \\$2.4 trillion in profits in offshore subsidiaries](#), on which they owe nearly \$700 billion in U.S. taxes. Changes in government regulations, including tax rates, in the nations hosting those subsidiaries can have a material effect on the health of the parent corporation in America.

Yet current SEC regulations and enforcement practices allow corporations to withhold important information about their offshore subsidiaries, even including how many there are. An investigation by Americans for Tax Fairness (ATF) uncovered [78 previously undisclosed subsidiaries](#) of Walmart registered in 15 offshore tax havens, which together held over one-third of the parent corporation's \$205 billion in total assets.

Another ATF report determined that the amount of profits Pfizer holds in offshore subsidiaries was [twice as much as it was reporting to the SEC](#) – at least \$150 billion rather than the \$74 billion it had reported. Such information was very relevant to Pfizer's planned but ultimately failed merger/inversion with Allergan, an Irish firm, as the company could have avoided up to \$35 billion in taxes owed to the United States.

These important discoveries were only made with difficulty and through inference. Investors and other interested parties are entitled to complete and timely information from the corporations themselves on their offshore operations, including foreign tax obligations. Such information has become especially important in recent years with the increasing crackdown by foreign entities on corporate tax-avoidance schemes. Without such information, investors are

less able to make investing decisions based on a true picture of a corporation's fiscal health. Regulators, lawmakers and citizens are similarly hampered in their ability to hold corporations accountable for upholding their public responsibilities, including paying their fair share of domestic taxes.

SEC regulations should be modernized to ensure registrants are providing all material information on their businesses, including complete and accurate data on their ever-expanding offshore operations.

Sincerely,

American Federation of State, County and Municipal Employees
Americans for Democratic Action
Americans for Tax Fairness, a coalition of 425 national and state endorsing organizations
Bakery, Confectionery, Tobacco Workers and Grain Millers International Union
Campaign for America's Future
Citizens for Tax Justice
Coalition on Human Needs
Daily Kos
Economic Policy Institute
Institute for Policy Studies
International Brotherhood of Teamsters
National Education Association
National Organization for Women
National Priorities Project
People's Action
The Marco Consulting Group
The Other 98%
The Worker Owner Council of the Northwest
Utility Workers Union of America
Voices for Progress
Working America