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**Subject:** OFII News Alert: The 'Inversion' Diversion

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Friday, September 5, 2014

# News Alert

## The 'Inversion' Diversion

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The recent spate of so-called corporate "inversions" – where an American company relocates its global headquarters to another country through a purchase of a foreign company – is the latest political diversion from policies that will make America more economically competitive. Ostensibly, these inversion deals are undertaken to lower a company's tax

burden. However, Washington's response to-date will not only have little impact on such transactions, it threatens to make matters worse by hampering our ability to attract global businesses that insource in America.

As President Obama has made clear, foreign direct investment is critical to economic growth, driving American manufacturing, innovation, exports and job creation. Insourcing companies that have chosen to invest billions of dollars in local communities across America now find themselves inadvertently caught in Washington's 'inversion fix' crosshairs. The President and Congress need to ensure that global companies investing in the United States are not penalized for supporting American jobs.

The best way to prevent corporate inversions is to address the underlying problem - America's uncompetitive tax code.

By embracing policy changes that reflect the realities of the global economy, rather than penalizing companies that want to compete in it, Congress can help America regain its winning advantage.

## One Chart that Explains It All

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## Worth the Click

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The Hill: US tax system is a global punchline  
posted on 09.03.2014

Portman Urges for Corporate Tax Reform on CNBC's Squawk Box  
posted on 09.03.2014

U.S. Chamber: Fair Reform for Growth

The Hill: Report: Dem inversion proposals would cost jobs  
posted on 09.10.2014

## They Said It

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"First, we need to lower the statutory corporate income tax rate so that it is comparable with our global competitors – the rest of the nations in the Organization for Economic Co-operation and Development (OECD)."

*Sen. Sherrod Brown (D-OH)*  
09.02.2014

It seems that any country with a lower tax rate than the United States – which has the highest of any nation in the industrialized world – can be considered a tax haven.

Check out this graphic to learn more.

## Fact of the Week

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Accounting for **less than one percent** of all U.S. private-sector businesses, insourcing companies pay **16 percent of U.S. corporate taxes**. [Learn more](#)

"There is nothing wrong with foreign-owned companies, and we welcome their investments. Our legislation will be carefully drafted only to curtail companies that are inverting to get out of paying U.S. taxes that they owe."

*Sen. Charles Schumer (D-NY)*  
08.06.2014

"I would hope that we could focus on not just the symptoms but actually the cause for these problems. And that is we have an outdated, dysfunctional tax code with the highest rate in the developed world."

*Sen. John Thune (R-SD)*  
07.22.2014

## Insourcing Today

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Find the latest news on what insourcing companies are doing to create jobs in America.

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