

Stop Tax Breaks for Outsourcing

The tax code has for years encouraged companies to move money and jobs overseas—and the Republican tax law that passed last Congress has made the problem even worse. Many of the companies that are among the biggest beneficiaries of the Republican tax bill, such as AT&T, GE and Wells Fargo, have already been closing American call centers and aggressively offshoring U.S. jobs. After shipping jobs overseas, these companies have been gifted billions of dollars in new tax breaks while being encouraged to offshore even more American jobs in the future.

Incentives to Outsource in the Republican Tax Law

The Republican tax law creates massive new tax breaks for sending jobs overseas. It allows companies to deduct half of their overseas income from their tax bill. In effect, this means that the tax rate for profits from outsourced work will be only 10.5%, compared to 21% for profits from American work.

But it gets even *worse*. The tax law creates additional deductions that companies can take for their overseas profits even beyond the initial deduction that allows them to deduct half of their tax bills for outsourcing. For example, it exempts from taxes up to a 10% return on “tangible investments” made overseas—that means facilities and equipment. This exemption means that companies can get a bigger deduction for opening more facilities like call centers and factories or for investing in more equipment in their overseas operations. The new tax law not only creates a tax incentive to move work to another country, but also provides them a bigger tax break for investing in growth outside of the U.S.

No Tax Breaks for Outsourcing Act

Introduced by Senator Sheldon Whitehouse (D-RI) and Congressman Lloyd Doggett (D-TX), the *No Tax Breaks for Outsourcing Act* (S. 780/H.R. 1711) would stop rewarding companies that ship jobs overseas and reverse the offshoring incentives embedded in the tax law. The bill:

- Eliminates the tax incentive to move manufacturing and call centers overseas by ensuring that companies would not be able to slash their tax bills by moving those jobs out of the country.
- Enacts a series of other changes that would block corporate efforts to dodge taxes, such as shifting funds to tax havens.

Our tax code should help working families, ensure that the super-wealthy and multinational corporations pay their fair share, and encourage the creation of good jobs here in the United States. The *No Tax Breaks for Outsourcing Act* would go a long way to accomplishing that goal and would reverse one of the worst effects of the Republican tax law.

Please support working families and help create good jobs in the U.S. by co-sponsoring S. 780/ H.R. 1711, the *No Tax Breaks for Outsourcing Act*!

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