

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

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Camp Announces Hearing on Tax Reform: Tax Havens, Base Erosion and Profit-Shifting

Congressman Dave Camp (R-MI), Chairman of the Committee on Ways and Means, today announced that the Committee will hold a hearing on U.S. and foreign multinational corporations' use of tax havens (low- and no-tax jurisdictions) to avoid tax and shift profits outside the United States and erode the U.S. tax base – as part of the Committee's continued work on comprehensive tax reform. **The hearing will take place on Thursday, June 13, 2013, in Room 1100 of the Longworth House Office Building, beginning at 10:00 A.M.**

In view of the limited time available to hear witnesses, oral testimony at this hearing will be from invited witnesses only. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing. A list of invited witnesses will follow.

BACKGROUND:

Recent press attention has focused on a number of sophisticated tax planning strategies used by worldwide corporate groups to shift taxable income out of the United States and other relatively high-tax jurisdictions, and into low- or no-tax jurisdictions. These strategies include transactions such as migrating highly mobile assets (e.g., intangible property) to tax havens, financing exempt foreign income with deductible U.S. costs, and reincorporating in a low- or no-tax jurisdiction. In many cases, these transactions shift profits outside of the United States, thus eroding the U.S. tax base and costing the Treasury large sums of tax revenue. In other cases, these strategies merely shift profits from a high-tax foreign jurisdiction to a low-tax foreign jurisdiction, thus having little or no net impact on U.S. tax revenues.

The Organisation for Economic Co-operation and Development (OECD), an international organization of 34 developed countries, recently has undertaken a project on Base Erosion and Profit Shifting (BEPS) out of a concern that current transfer pricing rules used by Member States allow for the allocation of taxable income to locations different from those where the actual business activity takes place. On May 29, 2013, at the Meeting of the OECD Council at Ministerial Level, the ministers and representatives of national governments in attendance issued a "Declaration on Base Erosion and Profit Shifting." The signatories declared that BEPS "constitutes a serious risk to tax revenues, tax sovereignty and the trust in the integrity of tax

systems of all countries that may have a negative impact on investment, services and competition, and thus on growth and employment globally.” They also welcomed the recently released OECD BEPS report and the OECD’s intent to provide a Comprehensive Action Plan to combat BEPS to the G20 finance ministers in July 2013.

In announcing this hearing, Chairman Camp said, **“The use of tax havens as part of corporate tax avoidance strategies narrows the U.S. tax base and requires other taxpayers to pay higher rates on both domestic and overseas income. There is widespread agreement amongst academics, economists and lawmakers that these practices are both unfair to taxpayers who aren’t able to engage in these strategies and harmful to the U.S. economy. The Committee’s discussion draft on international tax reform included options to combat base erosion as part of a larger effort to broaden the tax base, lower tax rates and move towards a more modernized and competitive system of international taxation. As the Committee works to design tax reform policies that make our broken tax code simpler, fairer and more conducive to creating jobs and increasing wages, understanding the impact of these practices will result in more informed policymaking.”**

FOCUS OF THE HEARING:

The hearing will examine different tax planning strategies used by multinational corporations to shift income out of the United States and into low-tax jurisdictions. The hearing also will consider when profit shifting truly is eroding the U.S. tax base and when companies are shifting profits amongst different foreign jurisdictions without affecting U.S. tax collections.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit written comments for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, <http://waysandmeans.house.gov>, select “Hearings.” Select the hearing for which you would like to submit, and click on the link entitled, “Click here to provide a submission for the record.” Once you have followed the online instructions, submit all requested information. ATTACH your submission as a Word document, in compliance with the formatting requirements listed below, **by the close of business on Thursday, June 27, 2013**. Finally, please note that due to the change in House mail policy, the U.S. Capitol Police will refuse sealed-package deliveries to all House Office Buildings. For questions, or if you encounter technical problems, please call (202) 225-3625 or (202) 225-2610.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission, but we reserve the right to format it according to our guidelines. Any submission provided to the Committee by a witness, any supplementary materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed

below. Any submission or supplementary item not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All submissions and supplementary materials must be provided in Word format and MUST NOT exceed a total of 10 pages, including attachments. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.
2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.
3. All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. A supplemental sheet must accompany each submission listing the name, company, address, telephone, and fax numbers of each witness.

The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-1721 or 202-226-3411 TTD/TTY in advance of the event (four business days notice is requested). Questions with regard to special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Note: All Committee advisories and news releases are available on the World Wide Web at <http://www.waysandmeans.house.gov/>.