

American Earnings and Innovation in Danger

New Group to Push for Immediate Changes in U.S. Tax Policy

Washington, DC – September 29, 2015 – A collection of some of America’s leading companies today launched American Innovation Matters (AIM), a coalition advocating for updating U.S. international tax rules to encourage innovation in the United States.

The effort comes in response to tax changes occurring around the world as countries become increasingly aggressive in trying to tax a larger share of U.S. business global income while at the same time, offering businesses incentives to relocate their R&D resources and jobs into their countries.

Later this year, the Organization for Economic Development (OECD) is expected to adopt a new set of tax rules as part of its Base Erosion and Profit Shifting (BEPS) project. Many countries will use those BEPS concepts to support unilateral law changes that will increase foreign taxes on U.S. businesses. At the same time, some will also leverage those rules to offer innovation boxes to attract the income and operations of U.S. businesses.

“American companies are going to be paying taxes on their overseas earnings, the question is, will they be paying taxes to the United States or paying taxes to a foreign country? Congress can ensure that the United States benefits by enacting changes to our nation’s international tax rules that include an “innovation box” similar to the policies being enacted by other countries,” said AIM spokesperson Lisa Camooso Miller.

Innovation box policies, which provide businesses with lower tax rates on income generated from intellectual property, are increasingly being adopted by foreign countries as a way to attract investment and jobs.

This week, the Tax Foundation released its 2015 International Tax Competitiveness Index which found that the United States ranked 34th out of 36 OECD countries in the business competitiveness of its tax code. Comprehensive reform is needed of the tax code, but without immediate changes to U.S. international tax system, comprehensive reform will be more difficult to achieve as more American companies will move abroad to stay competitive.

AIM’s membership includes Cisco, Boeing, Intel, McGraw Hill Financial, Oracle, Facebook and other companies whose strong investments in R&D and innovation help create new jobs and spur economic growth.

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