



AMERICANS  
*For* TAX REFORM  
FOUNDATION

## Americans For Tax Reform Foundation

### Analysis of Administration Proposals to “Reform the U.S. International Tax System” Prevent Repatriation Of Earnings In Certain Cross-border Reorganizations

#### Current Law

Under current law, American companies who sell goods and services overseas (with overseas subsidiaries) can reorganize themselves tax-free. If however they cash out on this, then some U.S. tax must be paid.

#### Proposed Change

**This will impose an additional layer of taxation on the reorganization of U.S. companies’ overseas operations.**

#### ATR Analysis

This proposal is couched in complicated jargon and arcane tax-terms to hide a very simple fact: this is an unjustified, unfair, and unjust grab for cash by the IRS.

If passed, it will lead to the farcical situation of quadruple taxation. 1)The income used to purchase shares is already *after tax* 2)The subsidiary pays a foreign tax 3)the company pays US taxes 4)Now they will pay an additional tax on reorganization. This is just another burden on US companies selling goods and services overseas that they cannot afford.

#### 10-year Revenue Estimate:

U.S. Department of Treasury: \$297 million

Joint Committee on Taxation: \$410 million

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