

MESSAGING ON TAX EXTENDERS LEGISLATION

AND THE “GE TAX LOOPHOLES”

# Toplines

* It is outrageous that the U.S. Senate refused to pass emergency unemployment benefits unless they were paid for, while it is about to consider tax extender legislation that will give huge tax breaks to corporations without paying for them.
* Congress must **NOT RENEW** two huge tax breaks for General Electric, Wall Street investment banks and insurance companies that let them launder profits through offshore tax havens.
* The GE Tax Loopholes are in a package of 55 tax breaks – known as tax extenders – that expired at the end of 2013. The whole package typically gets renewed every year or two. It **costs between $410 billion and $700 over 10 years** and mostly benefits large corporations.
* The two GE tax loopholes will let corporations **dodge $80 billion in taxes** over 10 years. These loopholes helped GE get **$3 billion in federal** **TAX REFUNDS over the last 5 years**.
* Corporations need to pay their fair share of taxes. Tax breaks that benefit corporations that ship profits and jobs offshore should be eliminated. Other corporate tax breaks in the tax-extenders package **should either be eliminated or be paid for** by closing other corporate tax loopholes.
* **Congress should apply the same set of rules** to corporate tax loopholes as it did to unemployment benefits. If emergency unemployment benefits have to be paid for – corporate tax breaks benefitting big campaign contributors should be paid for as well, or else eliminate them.

# Congress should NOT RENEW two tax loopholes that let companies ship profits and jobs offshore.

## Congress is debating whether to renew 55 tax breaks that cost **between $410 billion and $700 billion** over 10 years. Most of the tax cuts – 90 percent – benefit corporations.

## The package – known as tax extenders – contains two huge tax loopholes that let companies escape paying their fair share of taxes by laundering profits earned in the U.S. to offshore tax havens.

## These two tax loopholes will let General Electric, Wall Street banks and insurance companies dodge **$80 billion in taxes** over the next 10 years.

## About 1,400 lobbyists are pushing Congress to renew the GE Tax Loopholes and other tax breaks in this package. General Electric alone has **50 lobbyists** pressuring Congress on these two loopholes. [Data is from a soon to be released lobbying report from ATF]

# The two GE Tax Loopholes enable a “profit laundering” operation.

## Drug cartels launder money through tax havens to hide their illegal profits. **Corporations launder their profits through tax havens** to hide the fact that those profits were made in the U.S. This enables profitable companies like GE to dodge paying their fair share of taxes, draining much needed revenue from our economy.

## GE is highly profitable, but it uses tax loopholes to dodge paying its fair share. GE had $27.5 billion in profits over the last 5 years but got $3 billion in tax refunds. Its tax rate was negative 11 percent. **A family or small business pays more in taxes than GE pays many years.**

## One GE Tax Loophole, known as the “**active financing exception**,” makes it far easier for Wall Street investment banks, insurance companies and others with big lending divisions – like GE Capital – to launder profits they make in the United States into offshore tax havens.

## Another GE Tax Loophole – the **CFC Look-Through Rule** – lets companies launder profits from high-tax countries to tax havens where the company has no presence other than a postal box.

## The cost of just these two tax loopholes – **$80 billion** – is money that could be used to create jobs in America – rebuilding schools, repairing roads and bridges, investing in new medical cures, or **FILL IN YOUR FAVORITE BLANK.**

# The GE Tax Loopholes are hidden in a much larger “tax extenders” bill.

## The GE Tax Loopholes are part of a package of 55 tax breaks that EXPIRED at the end of 2013. Congress wants to extend them – hence they are known as “tax extenders.”

## Some of the tax breaks are good – a deduction for schoolteachers who buy classroom supplies out of their own pockets. Some are not so good – like special tax breaks for wealthy **owners of NASCAR race tracks** and for **owners of thoroughbred racehorses**.

## Every member of Congress has their favorite tax break in the “tax extenders” bill, so there is little opposition to these tax breaks. **But the tax extenders include a lot of corporate tax breaks,** like the two GE Tax Loopholes, that are unpopular with the public and benefit corporations at the expense of average working families.

# Many in Congress have a double standard when it comes to these tax breaks.

## Conservatives recently demanded that emergency unemployment benefits be paid for by cutting spending for other programs. But when it comes to giving $80 billion in tax breaks for GE and other big corporations, leaders of both parties say they don’t have to be paid for. **That’s a double standard**, it’s **hypocritical** and it’s wrong.

## **Doling out tax breaks for campaign contributors is not free.** If Members of Congress don’t want to pay for them as part of the tax-extender legislation, the cost will eventually be picked up by other taxpayers in the form of cuts to important public services and benefits.

## **Congress should apply the same set of rules** to the GE Tax Loopholes and to the other tax breaks as it did to unemployment benefits. If we can’t afford unemployment insurance for struggling families, then we can’t afford tax breaks for GE either.

# Congress needs to KILL the GE Tax Loopholes. If Congress wants to RENEW the other corporate tax loopholes, it should pay for them.

## **Congress should not provide tax breaks to companies that ship profits and jobs offshore.** Period. It should NOT RENEW the two GE Tax Loopholes that allow GE, Wall Street investment banks and insurance companies to dodge $80 billion in taxes over 10 years.

## If members of Congress want these other tax breaks so badly, **they should pay for them by cutting other corporate tax loopholes**.

## If emergency unemployment benefits have to be paid for – corporate tax breaks should be paid for, or else they should be eliminated. There should be no free lunch when it comes to corporate tax breaks.