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## GAO REPORT SHOWS MORE U.S. COMPANIES SHIFTING INCOME TO LOWER TAX RATE COUNTRIES

*Baucus says findings important in planning 2009 tax reform*

*Washington, DC* – Senate Finance Committee Chairman Max Baucus (D-Mont.) and Ranking Member Chuck Grassley (R-Iowa) commented today on a recent GAO report that found that the number of foreign operations of U.S. companies is increasing, with the largest companies paying the lowest effective tax rates, and more income being reported in lower tax rate jurisdictions outside the U.S. The report concluded that businesses may be manipulating existing tax laws by shifting corporate income and tax planning to foreign tax rate jurisdictions in which they operate.

**“I’ve said before that we will tackle tax reform in 2009 and this report underscores the need to review business taxes as part of our tax reform efforts in the next Congress,”** said Baucus. **“Simply put, I do not intend to allow U.S. multinationals to sidestep their fair share of taxes by moving income offshore. Rather, they should do their patriotic duty and start to bring their income onshore, along with as many jobs as possible for American workers. This GAO report will help the Finance Committee develop a better understanding of how the tax code works today for U.S. multinational businesses, as we determine how changes could affect our country’s global competitiveness and economic security. ”**

**“The Finance Committee has always been vigilant on transfer pricing issues. It’s a complicated area of tax policy theory and practice, especially if intangible assets are involved,”** said Grassley. **“We’ll continue to work toward a system that’s less burdensome on taxpayers and tax administrators but assures that shared business activities are properly accounted for in how U.S.-based taxable income is determined.”**

The Finance Committee has jurisdiction over U.S. tax policy, and Baucus intends to work with Committee members to plan roundtables and additional hearings in preparation of full-fledged tax reform in the next Congress. The full GAO report may be viewed here: <http://www.gao.gov/new.items/d08950.pdf>.

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