



CREATE A NEW ECONOMY

Eliminate the Wealth Gap Closing Corporate Tax Loopholes

HILLSBOROUGH, NEW JERSEY, UNITED STATES, October 4, 2013 /EINPresswire.com/ -- The G-20, the world's premier forum of Leaders representing economies generating more than 80 percent of global GDP, issued a recent declaration at the G-20 Summit to crack down on cross-border tax evasion provides an opportunity to influence the right equity balance for everyday Americans in eliminating the wealth gap. Recognizing that one-third of all wealth resides in cross-border tax havens and all global trade passes through offshore tax havens, we propose to partner with corporations to address building a United States based tax haven, located in a specified American location. The ultimate aim of this endeavor is to create a new economy to [eliminate the wealth gap](#).

In a G-20 issued statement the leaders expressed:

"Cross-border tax evasion and avoidance undermine our public finances and our people's trust in the fairness of the tax system," said the declaration. "Today, we endorsed plans to address these problems and committed to take steps to change our rules to tackle tax avoidance, harmful practices and aggressive tax planning."

In fact, the present-day tax system has allowed multi-national corporations to exploit the global tax laws arrogantly, empowering them to change the name of their tax departments to "profit centers." Global Financial Integrity, whose mission is to curtail the cross-border flow of illegal money, highlights the link between illicit financial flows and tax issues. It states in addition to the imbalance of corporate tax rates and tax avoidance, there are several important gaps in the overall effort to curtail illicit financial flows with an estimated costs to developing countries of \$5.86 trillion from 2001–2010.

In 2008, the Congressional Research Service found in its' study of profits of multi-national firms based in five tax havens (Bermuda, Luxembourg, the Netherlands, Ireland and Switzerland) that U. S. corporations reported 43% of their \$940 billion in overseas profits were earned in those tax havens. Yet, multinational corporations' profits in five traditional economies (Canada, Germany, the United Kingdom, Australia and Mexico) averaged 1% - 2% of those countries' total output as they reported 33% profits in the five tax haven countries.

Recently, a number of multi-national corporations, such as Apple, have elevated their tax status further, now calling themselves "stateless income" corporations with no discernible tax home or

“residence.” This shielding of profits, exclusively for tax benefits to shift profits to tax havens, has been clearly elevated to generate corporate revenues whereby countries vie against each other in a tax competition.

A July 2012 report from the Tax Justice Network estimated that \$21-\$32 trillion of unreported financial wealth is held offshore by high-net-worth individuals in tax havens worldwide. In contrast, the International Monetary Fund (IMF) estimates the sum offshore is approximately \$5 trillion. Regardless, this only represents financial assets and excludes real estate, yachts and other non-financial assets owned in offshore structures. Taxing these offshore assets at a mere 10% rate would provide sufficient revenue to substantially reduce the painful wealth gap here in America and around the world.

Now is the time Americans must extend a worldwide invitation to corporations for the purpose of partnering to influence Congress to establish a structure that is beneficial both to the corporate need for tax reduction and compliance while simultaneously seizing this opportunity to permanently close the wealth gap. This is an opening to provide Congress with a jointly agreed upon plan between corporations and the 99%. The recent proliferation of new corporate tax lobbyist coalitions (Fix the Debt, Home Court Advantage, Alliance for Competitive Taxation, TIE Coalition, Coalition for Fair Effective Tax Rates, Build Coalition, RATE, LIFT America) who represent corporations with multiple memberships, seemingly would find it appealing to receive a united strategy of building a broad based coalition attracting interest to achieve their clients desired goals.

Corporations were not successful with the Working to Invest Now (WIN) in America campaign to repatriate \$2 trillion. The Institute of Policy Institute reports more than \$50 million has been paid to Working to Invest Now (WIN) in America campaign to get special tax breaks repatriated, declaring it will increase U. S. investments and jobs. Yet, the Congressional Joint Committee on Taxation states that to give special tax breaks to corporations could potentially cost U. S. taxpayers over \$78 billion in lost revenue. In 2004, the American Job Creation Act produced minimal economic benefits for U. S. workers and communities as 843 corporations were granted a congressional “tax holiday,” reducing their tax rate from 35% to just over 5%. Those corporations avoided an estimated \$92 billion in federal taxes, repatriating \$312 billion in profits. Worst yet, the Institute for Policy Studies report, “America Loses,” documents 58 of those giant corporations cut nearly 600,000 jobs as they celebrated the tax holiday. Additionally, those 58 companies accounted for nearly 70% of the total repatriated funds, costing the government \$64 billion in lost taxes from what they would have paid. Yet, this request of the corporate community to receive a \$2 trillion tax-free windfall provides concerned Americans the opportunity to work cooperatively with those corporations to get concessions that will begin to eliminate the wealth gap.

An action plan must be put in motion to close corporate tax loopholes, establish transparency, equitable taxation and accountability while making meaningful gains to eliminate the wealth gap. Supporting an equitable income distribution must always remain the key goal. The unequal

distribution of the present tax policy undermines our democracy.

Rich and poor nations are struggling to provide basic public services. The desired preferences of corporations and the needs of the masses require we join forces to bring meaningful corporate tax change.

The lives of the 99% and the needs of corporations would both benefit from a cooperative effort, as the present day path is un-sustainable. In order to achieve a more equitable balance, a fitting goal for all interested parties must be to join together to establish an onshore tax haven. This will create a new economy profiting all.

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