



SENATE DEMOCRATS' INTERNATIONAL TAX PROPOSAL RECEIVES OVERWHELMINGLY NEGATIVE FEEDBACK FROM U.S. MANUFACTURERS AND INNOVATORS

U.S. job-creators warn proposal would harm American jobs and workers

Senate Democrats' tax proposals would severely disadvantage U.S. businesses relative to their foreign competitors with tax increases under Foreign-Derived Intangible Income (FDII) and the Global Intangible Low-Taxed Income (GILTI) minimum tax, resulting in **fewer jobs, lower wages, and decreased investment in U.S. manufacturing and innovation.**

On Proposed Changes to FDII

"FDII is working as intended. According to data from the Bureau of Economic Analysis, there has been a significant increase in IP coming to the U.S. since tax reform. ... IP is intrinsically tied to innovation as it leads to the development of new products.

Changing FDII as proposed by the discussion draft would hurt high-paying manufacturing jobs and innovation in the U.S." – *National Association of Manufacturers*

"Since FDII has been enacted, [many CAI members] have invested billions of dollars in the United States, including in R&D and capital improvements, and hired thousands of workers in the United States for high-paying technology, creative, and other valuable positions. ... [W]e are concerned that the Discussion Draft's reformulation of FDII ... **will halt (and in many cases reverse) many of the positive trends of IP relocation and related jobs and investment that the existing FDII spurred and, on net, could potentially discourage domestic innovation and investment.**" – *Coalition for American Innovation*

"[W]e are concerned that the proposed changes to FDII would undercut the policy goals that are now being achieved. ... [S]ince 2017, multiple U.S. companies have repatriated IP to the U.S., spurred by FDII's incentive, and a recent University College Cork study found that the FDII regime is resulting in U.S. companies bringing assets back to the U.S., with royalty payments from Ireland to the U.S. jumping to €52 billion in 2020 after averaging €8 billion a year in the five previous years, and likely to be higher in future years." – *Information Technology Industry Council*

"To repeal FDII only four years after it was introduced, when positive results are being achieved, **is short-sighted and disregards the significant, long-range investment commitments that taxpayers have made** – oftentimes largely in reliance on the benefit." – *Semiconductor Industry Association*

On Proposed Changes to GILTI Minimum Tax

"As the U.S. is the only country with a global minimum tax, increasing the GILTI tax burden without the rest of the world adopting a comparable global minimum tax regime would only serve to disadvantage globally engaged manufacturers." – *National Association of Manufacturers*

"Before the United States makes changes to increase GILTI taxes on U.S. companies, we should wait for other countries – at a minimum all other G7 countries and China – to adopt their own global minimum taxes. **Raising the GILTI minimum tax before other countries have implemented a minimum tax comparable to the present-law GILTI would put the United States even further out of step with our international competitors, harming U.S. businesses and American workers.**" – *Alliance for Competitive Taxation*

"Increasing the Global Intangible Low-Taxed Income (GILTI) rate, depending on the final rate lawmakers settle on, and repealing the Qualified Business Asset Investment (QBAI) substance-based carve-out **would hurt U.S. tax competitiveness, and in turn could incentivize the offshoring of U.S.-based assets, jobs, and profits abroad.**" – *National Taxpayers' Union*

"GBA urges Congress to not get ahead of the OECD process ... which would risk future investment and job creation in the United States. ... The Discussion Draft approach contradicts the Pillar Two Blueprint's top-down approach and does not adequately take into account timing differences, potential U.S. expense allocation and base differences in IIR computations. **The result will be double taxation and increased complexity.**" – *Global Business Alliance*