OPINION

Ending tax-haven loopholes is smart way to bring down deficit

By U.S. Sen. Carl Levin

Back in March when Congress failed to reach a deficit reduction agreement, we triggered budget sequestration – the unprioritized, across-the-board cuts that have hurt families, national security, life-saving research, students and seniors, and, according to the Congressional Budget Office, cut as much as a full percentage point from economic growth.

Our economy can't afford that kind of damage. And yet, sequestration continues, and it will continue unless we act.

A balanced, bipartisan deficit reduction package is the only alternative. Balance requires three elements: First, cuts in discretionary spending – not mindless, meat ax sequestration, but targeted, prioritized cuts. Second, we need to reform entitlement programs. And third, we must add federal revenue.

Which brings me to my least-favorite four letter words: "loop" and "hole."

The United States hemorrhages hundreds of billions of dollars in tax revenue each year to a relatively small group of multinational companies. These large, profitable companies are headquartered here, they do business here, and they benefit from the safety and stability of living and working in the United States. Yet they use an array of complex arrangements involving offshore tax loopholes to avoid paying their taxes. The Senate Permanent Subcommittee on Investigations, which I chair, has spent more than a decade examining these loopholes and the damage they do.

Michigan's working families and small business owners don't have an army of lawyers and lobbyists to concoct ever-more-creative tax gimmicks. So they're left to pick up the burden left when our biggest, most profitable companies use tactics like these:

Microsoft's U.S parent company sold intellectual property rights to a foreign subsidiary, then licensed them back, shifting profits from products that were developed, made and sold in the United States to an offshore tax haven and paying almost no U.S. taxes on those profits.

Hewlett Packard, which socked billions of dollars in revenue away in offshore subsidiaries, managed to bring huge sums back to the United States, which should have triggered a big tax bill, using a series of short-term loans from two offshore subsidiaries to get around rules that require tax payments when money comes back to the United States.

Apple managed what we consider the Holy Grail of offshore tax avoidance, setting up subsidiaries, which hold a large part of the $100 billion in cash Apple holds offshore, that are literally invisible for tax purposes. These subsidiaries are incorporated in Ireland but controlled from the United States. Because U.S. tax law bases tax residency on the place of incorporation, and Irish tax law bases tax residency on where a corporation is controlled, Apple says these subsidiaries are tax resident nowhere and therefore paid almost no corporate income tax to any country. For tax purposes, they're ghost companies.

We should close these loopholes on principle, regardless of deficits or sequestration. They're simply unfair. But surely now, with sequestration doing so much harm, we should close these loopholes and use the revenue we recover as part of the foundation of a balanced deficit reduction plan.

That's why, on Sept. 19, I introduced the Stop Tax Haven Abuse Act, a comprehensive effort to end these loopholes and gimmicks and bring more fairness to the tax code. This bill, cosponsored by Sens. Sheldon Whitehouse of Rhode Island, Mark Begich of Alaska and Jeanne Shaheen of New Hampshire, would tackle an array of offshore corporate tax abuses.

It would end tax breaks that encourage businesses to move jobs and operations offshore. It would end the legal fiction that allows corporations to avoid U.S. tax on income they route through offshore subsidiaries that are nothing more than a post office box, or that allow multinationals to avoid taxes by literally "checking a box" on their tax forms to shield offshore subsidiaries from taxes.

The provisions of our bill would, according to official estimates, reduce the deficit by about $220 billion. If we used that revenue as one part of a balanced deficit reduction plan, we could avoid six years or more of sequestration. And the public supports that plan: Last year, a poll showed that 75 percent of Americans support closing offshore tax loopholes to reduce the deficit.

We have plenty of legitimate disagreements here in Washington. But all of us should be able to agree that these offshore tax loopholes are unfair. All of us should see the opportunity before us: to end these gimmicks, relieve our economy of the burden of sequestration, and relieve our families and small businesses from the tax burden a handful of large, profitable companies have dumped on them.

Community support needed for November election

By Robert Savoie
Chippewa County Sheriff

As the sheriff of Chippewa County, it is my obligation to provide the best possible protection and security to all of the citizens of this county in the most fiscally responsible manner as possible.

For many years I have strived to improve the proactive police activities in our schools and communities. I first spoke with the Chippewa County Board of Commissioners regarding this matter after being appointed sheriff.

We agreed to begin with a single county funded deputy to work in the schools and then readdress the idea after the election. As your elected sheriff, I am now focusing on the topic of school and community safety through proactive police patrols in and around our community schools.

I have gained the approval of the Chippewa County Board of Commissioners for a .55 mil tax assessment to be voted on in November of this year and I would like to clarify my intentions for this proposal.

Researching the latest tax information available to me through county records, I have found the .55 mills to be sufficient for me to employ five uniformed, MCOLES certified deputies to be assigned to our schools in Chippewa County. They will be fully equipped with the necessary vehicles, computers, weapons and training, the same as all of my road patrol deputies.

These school liaison deputies will be assigned to patrol activities in and around the school properties as well as being available for emergencies in the respective communities. The deputies will be a highly visible proactive deterrent to potential crime in and near our schools.

I feel this is a very affordable step toward maintaining security in our schools and communities. I understand that it is not a solution to the vulnerability of all Chippewa County Schools, but increasing staff by these five deputies will assist in this.

I do believe with the highly visible patrols and careful disbursement of responsibilities of the officers, we can and will make a significant impact.

I will be happy with meet with community members to further discuss this matter and any questions that may arise. I welcome all input to help communicate this plan to the voters for the November vote.

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The perils of nasty "netiquette"

By Tom Purcell

Boy, is technology making us ruder.

I read with great delight a Wall Street Journal story about a couple of Boston lawyers. One, a 24-year-old woman, sent an e-mail to an older, established lawyer declining a recent job offer.

The older lawyer, miffed the woman would e-mail a rejection after she'd already accepted the job orally, fired off a reply. He said she wasn't very professional.

She replied that if he were a real lawyer he would have had her sign a contract.

He replied, suggesting, in so many words, she was a snot. She sent one last e-mail reply: "blah, blah, blah."

Still miffed, the older lawyer e-mailed the exchange to a colleague, who forwarded it to another and soon the entire Boston legal community read it. It was featured on "Nightline" and in the papers, and now you're reading about it here.

This latest example of technology-enabled rudeness reminded me of a similar situation that occurred seven years ago.

Just after I'd moved to Washington, D.C., I joined a large writers' organization. Since I was new to town, I decided to start an informal monthly happy hour to meet other writers — or, to be more precise, women writers.

I got permission from the writers' organization to send an e-mail out to all 4,000 members. Several folks e-mailed me back and we soon established a time and place to meet. Nearly 40 folks attended the first event — one that would turn out the be the last event.

As it went, one woman there was particularly attractive. I soon found myself in competition with another writer fellow, who was also trying to win this lass's attention. She soon made it clear that she preferred women — not that there's anything wrong with that — and that she had no interest in either of us knuckleheads, and that she came only to discuss the writing craft.

Soon after she landed her blow, the other fellow and I quickly realized the pickings were otherwise slim. The other women there were either much older than we or otherwise didn't strike our fancy. It never occurred to us that they might have come to meet men.

One woman, a woman of overpowering verbosity, soon had us pinned up against the bar. For the rest of the evening she shoved a dozen opinions at us on every subject under the sun. It was the first time in my life I was happy to hear the words "last call."

The next morning, I got an e-mail from the other fellow. He thanked me for organizing the event, then said, "and for goodness sakes, for the next happy hour, don't invite any more loud obnoxious (expletive)!"

I was surprised at the rudeness of the fellow's e-mail. That should have been the end of it, but it wasn't. It was the beginning.

Instead of e-mailing his response to me, you see, he unwittingly sent it to all 4,000 members of the writers' organization, some of which, much to his poor luck, were also women of overpowering verbosity.

I don't know how many e-mail responses came that day, but they surely topped 100. The story-line was clear. Our heroine, who was so viciously attacked, did nothing to deserve her fate and, incidentally, it's typical of misogynistic men to be threatened by intelligent women.

As for our villain, he was dubbed an idiotic male rogue. He should not only apologize, but he should resign from the writers' organization, give up writing, and move to another city, where, hopefully, something bad would happen to him.

In any event, technology is driving massive gains in productivity and efficiency. It only makes sense, then, that it would make us more efficient at being rude.

So the next time you feel compelled to mock someone who has done you no wrong, turn off your computer. Pick up the phone and do it the old-fashioned way.

In that case, you can offend only one person at a time.

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HOW IT FEELS WHEN YOU LOSE YOUR INTERNET CONNECTION.