



Geithner: "The Goal Is Territorial"

Biden Assails Territorial Taxation, But Ignores The Fact That Obama's Treasury Secretary, Administration Allies, And Democrats Have Advocated For It

BIDEN DEMAGOGUED THE TERRITORIAL TAX SYSTEM

At A Campaign Event Today, Biden Criticized Territorial Taxation As One That Will Create 800,000 Jobs Abroad. BIDEN: "In addition to that, now what has Governor Romney called for? Governor Romney has called for – his great concern about jobs – he's called for a new – what they call, and a lot of you students will know this – a territorial tax. And that means that any company who picks up or starts off an American company in China or anywhere else in the world will only have to pay the taxes in that country, and never have to pay a penny in tax for any American - for - one single penny in American taxes. Well, let me tell you what that means. A study shows that, if we have that territorial tax, it will create 800,00 jobs. All of them in China, Indonesia, all of them abroad." (Vice President Joe Biden, Remarks At A Campaign Event, Eau Claire, WI, 9/13/12)

Biden Is Demagoguing The Territorial Tax System The Administration Flirted With

During Debt Ceiling Negotiations In 2011, "The Administration Had Tentatively ... Stated That Corporations Would Only Be Taxed On Domestic Income And Not From Overseas Income." "When the discussion turned to corporate tax reform, Boehner and Cantor thought they were onto something positive. The administration had tentatively – everything was tentative, it seemed – stated that corporations would only be taxed on domestic income and not from overseas income. This was a giant issue for companies like Apple, Microsoft and Google, any that operated abroad. Called a territorial corporate tax system, the business community would be overjoyed if it was adopted in an overhaul of corporate taxes. Not having to pay the U.S. corporate rate of 35 percent on overseas income would be a bonanza for corporate America." (Bob Woodward, *The Price Of Politics*, 2012, p. 242)

- **Treasury Secretary Geithner Said "The Goal Is Territorial."** "'The goal is territorial,' Geithner said, starting to pull back. 'I'm not sure we can commit to completely territorial.' Maybe 95 or 96 percent. He added pointedly, 'We are prepared to move off decades of Democratic orthodoxies.' Treasury had been working on a corporate tax reform plan for some time. Decisions had been expected earlier in the year. Where are you? They asked. 'Well,' Geithner said, 'we're still working. But complete territorial we may not be able to get. But we're going to get close, and we can work with you on that.'" (Bob Woodward, *The Price Of Politics*, 2012, p. 242)

Obama's Own Fiscal Commission, Simpson-Bowles, Advocated That The U.S. Adopt A Territorial Tax System. "The U.S. is one of the only industrialized countries with a hybrid system of taxing active foreign-source income. The current system puts U.S. corporations at a competitive disadvantage against their foreign competitors. A territorial tax system should be adopted to help put the U.S. system in line with other countries, leveling the playing field." ("Report Of The National Commission On Fiscal Responsibility And Reform," [The White House](#), 12/1/10)

The Chairman Of Obama's Export Council, Boeing CEO Jim McNerney, Voiced Support For Territorial Taxation On Behalf Of The Private Sector Members Of The Council. "A competitive territorial tax system for the United States should broadly follow the practice of our trading partners and should not be designed to raise new revenue, or to destabilize the U.S. corporate tax base, but rather to make the US tax system more competitive with its major trading partners." (Jim McNerney, [Letter To The President Of The United States Of America](#), 12/9/10)

In Their 2011 Year-End Report, "Many Members" Of Obama's Council On Jobs And Competitiveness "Agreed That The United States Should Move To A Territorial System Of Taxing Corporate Income Akin To The Practices Of The Other Developed Economies." "Many members of the Council agreed that the United States should move to a territorial system of taxing corporate income akin to the practices of the other developed economies. Territoriality would eliminate the so-called lock-out effect in the current worldwide system of taxation that discourages repatriation and investment of the foreign earnings of U.S. companies in the United States." ("2011 Year-End Report: Road Map To Renewal," [The President's Council On Jobs And Competitiveness](#), 1/12)

The Proposal Put Forward By The Gang Of Six, Which Includes Sen. Kent Conrad (D-ND), Sen. Dick Durbin (D-IL) And Sen. Mark Warner (D-VA), Includes A Shift To A Territorial Tax System. "The Finance Committee would be instructed to deliver 'real deficit savings' through simplifying the tax code and raise as much as \$1 trillion. It would do this by establishing three tax brackets with rates of 8-12 percent, 14-22 percent and 23-29 percent. It would permanently repeal the \$1.7 trillion Alternative Minimum Tax. And it calls for establishing a single corporate tax rate, between 23 percent and 29 percent, and to move to a competitive territorial tax system." (Manu Raju, "Gang Of Six Back From The Brink," [Politico](#), 7/19/11)

14 Democrat Senators Wrote A Letter To President Obama Urging Action On The Fiscal Commission's Recommendations, Including Territorial Corporate Tax Reform. "The 14 senators hailed the commission's recommendations on Social Security, healthcare, and tax reforms — three cornerstones of the plan on which support for a plan could hinge. The signatories were Sens. Mark Warner (D-Va.), Evan Bayh (D-Ind.), Mark Begich (D-Alaska), Michael Bennet (D-Colo.), Tom Carper (D-Del.), Dianne Feinstein (D-Calif.), Kay Hagan (D-N.C.), Amy Klobuchar (D-Minn.), Mary Landrieu (D-La.), Joe Lieberman (I-Conn.), Claire McCaskill (D-Mo.), Jeanne Shaheen (D-N.H.), Jon Tester (D-Mont.) and Mark Udall (D-Colo.)." (Michael O'Brien, "14 Dems Want Deficit Action Despite Failed Fiscal Commission Vote," [The Hill](#), 12/3/10)

- [Text of Letter](#)

Biden's Former Economic Adviser Jared Bernstein Has Advocated For A "Tough" Version Of Territorial Taxation. "Some of this is the business community saying we really want corporate tax reform and you show them corporate tax reform and they say 'yuck,'" said Jared Bernstein, who was vice president Joe Biden's economic adviser until last April. ... Bernstein has advocated a 'tough' territorial approach in which you exempt some foreign earnings would be exempt from domestic taxation." (Kim Dixon, "Obama In Bind Over Tax Reform - Ex -Aide," [Reuters](#), 1/30/12)

Sen. Ron Wyden (D-OR) On Territorial Tax Reform: "I Continue To Be Open To It." WYDEN: "And

much again of the more complicated approaches are going to be hard to do. Senator Gregg and I -- I'll wrap up with this Mr. Chairman, Senator Gregg and I probably spent a gazillion, gatrillion hours, barely an exaggeration -- looking at this territorial issue. And I continue to be open to it." (Committee On The Budget, U.S. Senate, Hearing, 9/15/11)