United States, Ireland, European Union

US Secretary of Treasury expresses hope that EC's State aid investigations will foster US tax reform

13 September 2016

Report from Wooje Choi, Senior Research Associate, IBFD North America

The US Treasury Department issued a Press Release on 12 September 2016 to announce the publication of a piece written by the US Secretary of the Treasury about how the State aid investigations by the European Commission (EC) may present a new opportunity for the US Congress to act on US business tax reform and infrastructure investment.

In his piece, the Secretary refers to a letter that he wrote to the EC President on 11 February 2016 to raise concerns about the EC's State-aid investigations involving the tax practices of US multinational companies. The Treasury Department's position with regard to the EC's approach is outlined in detail in its White Paper issued on 24 August 2016, entitled "The European Commission's Recent State Aid Investigations of Transfer Pricing Rules" (see United States-1, News 25 August 2016).

The Secretary states in his piece that the EC's latest action, i.e. a retroactive tax bill to Apple amounting to USD 14.5 billion, has highlighted the need to reform the US business tax system (see Ireland-2, News 31 August 2016). The Secretary further states that the President's framework for business tax reform, first released in 2012 (see United States-1, News 27 February 2012) and updated in 2016 (see United States-1, News 6 April 2016), would create an environment in which business conditions, rather than tax considerations, drive decision-making.

The Secretary concludes the piece by expressing his hope that the high-level attention following the EC's actions will help to lay the foundation for the new US Congress to take action in the early days of a new administration.

See also

Ireland-2, News 31 August 2016
United States-1, News 25 August 2016
United States-1, News 6 April 2016
United States-1, News 27 February 2012
United States - Corporate Taxation - Country Surveys sections 6., 7.
United States - Corporate Taxation - Country Analyses sections 7., 10.