

November 18, 2021

Dear Member of the U.S. House of Representatives:

Business Roundtable strongly opposes the sweeping tax increases on U.S. businesses included in the House version of the Build Back Better Act and urges you to vote no.

We support investment in climate change programs and incentives to reduce greenhouse gas emissions, including many of those proposed in the Build Back Better Act. Congressional action on climate change is critical to spurring investments in new technologies and enabling the United States to lead the global transition to a greener economy. However, the tax provisions in the legislation would erode America's competitive standing, favor foreign competitors over American businesses and workers, and discourage investment at home. Altogether, the more than \$800 billion in tax increases included in the Build Back Better Act would result in one of the largest tax hikes in history, even while business tax revenues have reached an all-time record high.

Although Business Roundtable has concerns with a number of provisions in the legislation, we would highlight the following:

International changes

The Build Back Better Act would institute a 15% global minimum tax under the Global Intangible Low-Taxed Income (GILTI) regime, applied on a per country basis. The United States is the only country in the world that imposes a minimum tax on the foreign earnings of its businesses. Increasing taxes on the foreign earnings of U.S. businesses would put American businesses and workers at a severe disadvantage compared to foreign competitors in China and Europe, none of whom pay a minimum tax today or will for many years, if ever. Business Roundtable urges Congress to support a level playing field for U.S. businesses by imposing these higher taxes only when and if other OECD countries do.

The Act also reduces the deduction for foreign-derived intangible income (FDII), undermining the incentive for businesses to bring intellectual property and R&D back to the United States. Business Roundtable calls on Congress to instead work to support America's standing as a leader in innovation and R&D.

Book minimum tax

The Act would create a new book minimum tax that would undermine incentives created by Congress – many on a bipartisan basis – to encourage innovation and investment. This minimum tax would also be placed on top of two other minimum taxes – GILTI and base erosion and anti-abuse tax (BEAT) – creating additional complexity. Indeed, a prior-book minimum tax, in effect between 1987 and 1989, was allowed to expire because of a bipartisan consensus that it undermined the reliability of financial reporting.

Interest deductibility

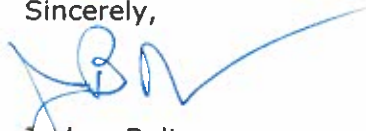
The Act would add a new limitation on interest deductibility for globally engaged businesses (section 163(n)). This would reduce domestic investment by effectively raising the cost of borrowing and could lead to double taxation through the intersection with international tax provisions. This proposal will also unfairly disadvantage U.S.-parented multinational businesses since the U.S. parent routinely serves as the primary issuer of debt.

Conclusion

Business Roundtable believes it is possible to formulate bipartisan, sound economic policy that sets our country on a long-term path to growth and shared prosperity without significant corporate tax increases – as demonstrated by the passage of the Infrastructure Investment and Jobs Act. In contrast, the tax increases in the Build Back Better Act would undermine U.S. competitiveness and jobs, make it harder for businesses to invest in innovation and workers, and increase economic risk while American families and businesses are already experiencing the alarming impacts of rising inflation.

We urge Congress to oppose harmful tax increases and maintain America's competitive corporate tax rate. We urge you to vote no.

Sincerely,



Joshua Bolten
President & CEO
Business Roundtable