



Press Release

Recalling Inversions

PAULINA ENCK | JULY 27, 2021

The Tax Cuts and Jobs Act's reforms effectively halted the trend of corporate inversions, or firms reorganizing abroad to escape the uncompetitive U.S. tax system. Yet as AAF's Director of Fiscal Policy Gordon Gray outlines in a new insight, the Biden Administration is proposing a return to the higher corporate rates and outmoded international tax regime that saw inversions occur with some regularity.

Gray concludes:

Inversions have largely been banished from the business pages. Where major companies once announced their intentions to move abroad, they are now staying put. Other formerly U.S.-headquartered firms are reportedly looking to return, now that the United States has a tax policy that is not conspicuously disadvantageous to U.S.-based firms. This is a policy success in the wake of decades of half-measures. Some policymakers can't accept this success and are seeking to upend the current tax system and return the United States to a comparatively uncompetitive tax system. If those efforts succeed, observers should not be surprised to see a return of inversions.