Press Release

The Base Erosion and Anti-Abuse Tax: A Primer

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The Base Erosion and Anti-Abuse Tax (BEAT) of the Tax Cuts and Jobs Act (TCJA) was designed to reduce the tax benefit of shifting income outside of the United States. Despite BEAT's intention to protect the U.S. tax base, the base erosion that it targets may not be on the scale some estimates suggest and could be irrelevant to global firms. In a new primer, AAF's Director of Fiscal Policy Gordon Gray explains what BEAT is and how to calculate BEAT liability.

Gray concludes:

> *The TCJA was an assemblage of individual, business, and international tax reforms. The international tax reforms are likely the most significant departures from past policy in the law but are somewhat complex and have been subject to prolonged regulatory refinement. The alphabet soup of international tax regimes established under the TCJA are designed to act in concert to balance a number of priorities including preserving the U.S. tax base while improving the climate for investment in the United States. Achieving these goals has required a carrot-and-stick approach – and the BEAT policy is the most conspicuous stick among the major international policies. Despite clearly targeting base erosion payments, it may be more of a policy in search of problem.*

Read the primer.