Rep. Yanez offered the following concurrent resolution:

House Concurrent Resolution No. 34.

A concurrent resolution to urge the President and Congress of the United States to close the federal tax loophole encouraging "tax inversions" by U.S. corporations.

Whereas, A growing number of U.S.-based corporations are declaring their headquarters in foreign countries to avoid paying U.S. taxes. In a process known as tax inversion, these corporations are purchasing foreign subsidiaries, declaring that their U.S. operations are owned by the foreign entity, and shifting much of their tax liability to foreign jurisdictions. In essence, they are renouncing their U.S. citizenship; and

Whereas, For all intents and purposes, many U.S. corporations participating in tax inversion deals continue to be based in the U.S. to take advantage of the American business climate and the protections and infrastructure afforded to them by American taxpayers. They still maintain their headquarters' physical activities in the United States and rely on the same level of government services. This unfairly shifts the cost burden of public services to other businesses and individuals and will increase budget deficits going forward; and

Whereas, Action must be taken now to close the inversion tax loophole. Comprehensive tax reform to lower corporate tax rates, broaden the tax base, and simplify the system to eliminate wasteful carve-outs is the best long-term solution to this problem. However, Congress and the President must immediately close the inversion loophole before even more corporations shift their "tax home" overseas while continuing to work on comprehensive reform. Congress should quickly move to enact legislation like the Stop Corporate Inversions Act of 2014 introduced by Senator Carl Levin in the Senate and Representative Sander Levin in the House to increase the required percentage of foreign stockholder ownership before a corporation could be considered a foreign company for U.S. tax purposes; and

Whereas, Executive action can be taken now to immediately discourage corporate tax inversions if Congress fails to act. One of the strategies of inversion deals involves making loans from a foreign parent to a U.S. unit, which can then deduct the interest payments from its U.S. taxable income. Meanwhile, the foreign parent can book interest income at the foreign country's lower tax rate. Corporate tax experts have pointed out that the Secretary of the Treasury already has been granted broad powers by Congress to discourage inversions under Section 385 of the U.S. Tax Code through the authority to set the standards for when financial instruments are treated as debt. This impacts when interest payments are deductible from taxable income and when certain debt should be treated as non-deductible equity. Modifying these standards so that debt of foreign-based U.S. corporations beyond a certain level is treated as equity would lessen the number of tax-avoiding inversion deals; now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That we to urge the President and Congress of the United States to close the federal tax loophole encouraging "tax inversions" by U.S. corporations; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Michigan congressional delegation.