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June 8, 2015

United States Senate  
Washington, DC 20510

Re: Support NDAA Amendment # 1559

Dear Honorable Senators,

On behalf of Public Citizen's more than 400,000 members and supporters, we strongly urge you to support Senator Durbin's Amendment #1559 to the National Defense Authorization Act (NDAA) to strengthen and make permanent the ban on awarding defense contracts to inverted corporations.

Inversions occur when corporations purposely renounce their status as American companies, usually by merging with a foreign corporation and reincorporating in a low- or no-tax country (also called a tax haven) in order to be treated as a foreign corporation and escape U.S. tax liabilities. It is so repugnant to allow these U.S. deserter companies to be given taxpayer funded contracts, that over the last several years a government-wide ban has been included in annual appropriations bills to block corporations defined as "inverted" from receiving federal contracts.

This annual ban should be made permanent. Senator Durbin has introduced #1559 as an amendment to the NDAA. A comparable permanent ban is already in place for all Department of Homeland Security contracts, and this would simply apply such a ban to defense contracts granted under the NDAA's authority.

In addition to making the ban permanent for the NDAA, Public Citizen urges the ban on awarding government contracts to inverted corporations be made permanent across the board for all government contracts.

When companies are classified as "inverted" under the tax code, it means they will still be treated as domestic for tax purposes and not be able to escape paying their fair share.

However, there is currently a loophole in the tax code that many corporations have exploited—companies can in fact be owned by up to 79 percent by former shareholders while keeping their management and business operations here in America and still not be classified as “inverted” under the code—allowing them to skip out on their U.S. tax bill.

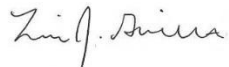
Therefore, the Durbin Amendment #1559 also advisably tightens up the definition of “inverted” corporations by requiring that any previously-American company reincorporated in a foreign jurisdiction that retains a majority of the same shareholders be classified as inverted and remain subject to domestic taxation.

The Durbin Amendment also maintains exceptions via a waiver process for national security issues and for contracts concerning Department of Defense health care programs.

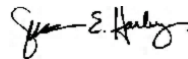
Senator Durbin’s Amendment #1559 is a commonsense way to ensure that we have permanent protections against rewarding unpatriotic companies that have deserted the U.S. by granting defense contracts and to ensure that all truly inverted corporations will be captured by the definition of the ban.

For these and other reasons, Public Citizen urges your support for the Durbin Amendment #1559 to the NDAA.

Sincerely,



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Public Citizen’s Congress Watch division



Susan Harley  
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Public Citizen’s Congress Watch division