Disclosure of Tax Havens and Offshoring Act

Tax haven abuse and tax incentives for offshoring

Corporations use a variety of accounting maneuvers to shift profits into tax haven countries and avoid taxes in the countries where they actually operate. Large American companies continued to use tax havens to avoid tens of billions of dollars in taxes they would otherwise pay. In fact, new research shows that in 2025, large corporations reduced their tax liability by more than $11 billion by taking advantage of tax havens.**

While TCJA created a new global tax framework, that framework included new incentives for large U.S. companies to shift profits and jobs overseas, and OBBBA largely left these incentives in place. Profit-shifting is still rewarded because firms can pool income and foreign taxes across affiliates in high- and low-tax countries, and because foreign income remains subject to a much lower U.S. tax rate than domestic income.

We need greater transparency into these practices.

The Disclosure of Tax Havens and Offshoring Act directs the U.S. Securities and Exchange Commission (SEC) to mandate public disclosure of country-by-country financial reports by large corporations. These reports would include basic information from corporations on each of their subsidiaries, and country-by-country financial information that sums together all of their subsidiaries in each country – including profits, taxes, employees, and tangible assets.

This legislation would codify and advance global trends supporting greater corporate tax transparency. Corporations with annual revenues above $850 million already report all of this information to the IRS under an international OECD framework, but these reports are not public. The European Union and Australia have each moved to require more public reporting of corporate international tax and financial information. And in the United States, the Financial Accounting Standards Board recently updated its income tax disclosure standard to include more information on foreign jurisdictions that substantially reduce a given company's tax rate.

Country-by-country financial reports contain vital information for investors to better understand the potential tax risks facing the corporations in which they invest, especially in light of recent and potential future changes to international corporate tax law. When corporations send profits and jobs overseas, their country-by-country financial reports would also help lawmakers understand how best to respond.

Endorsers: FACT Coalition, Institute on Taxation and Economic Policy, Public Citizen, American Federation of State, County and Municipal Employees (AFSCME)

** "Big U.S. Corporations Reaped Billions through Tax Havens in 2025, New Transparency Requirements Reveal." The FACT Coalition, 9 Mar. 2026, thefactcoalition.org/major-american-corporations-saved-billions-through-tax-havens/.