Majority of U.S. Corporate Tax Professionals Support Closing Loopholes While Lowering Corporate Tax Rate, According to Thomson Reuters Survey

Only 12% of U.S. Tax Pros Support Tax Inversions, But 24% Say Their Companies are Entertaining Such Deals – More at Larger Firms

November 14, 2014 — Seventy percent of corporate tax professionals are in favor of lowering the U.S. corporate tax rate, even if that assumes giving up tax loopholes, according to a new study released today by the Tax & Accounting business of Thomson Reuters.

The Thomson Reuters Corporate Tax Department Pulse Survey gauged the opinions of corporate tax professionals -- from analysts to CEOs – on issues such as U.S. corporate tax reform, tax inversions, recent tax credit expirations, and transfer pricing practices.

Here are the key findings:

· Tax Execs OK with Closing Loopholes: Seventy percent of survey respondents said they are in favor of lowering the U.S. corporate tax rate, even if that assumes the closing of current tax loopholes.

· Inversions are an Unpopular Fact of Life for Large Companies: Only 12 percent of all tax executives surveyed said they were in favor of moving their companies' headquarters for tax purposes, but 24 percent said their companies are considering a relocation and/or expansion in a new region to capitalize on favorable tax rates. That number jumped to 30 percent among tax pros who worked for companies with $1 billion or more in annual revenue.

· Taxes Are a Big Factor in Corporate Financial Strategies: When asked if the U.S. corporate tax rate plays a significant role in their companies' global business plans, a 52 percent majority said yes. This number jumped to 59 percent among tax pros who worked for companies with $1 billion or more in annual revenue. Just 15 percent of all survey respondents (and 17 percent of large company respondents) said they expect an increase in tax exposure as a result of pending corporate tax rate legislation.

· R&D Tax Credit Expiration Complicates Earnings Reporting: Thirty-sixpercent of respondents said the expiration of the R&D tax credit has had a negative financial impact on their companies and 28 percent said the biggest challenge they face in the wake of the R&D tax expiry is earnings reporting.

· Foreign Income Would Come Stateside, at a Certain Rate: Roughly one in four (23 percent) respondents said they'd consider repatriating offshore income if the tax rate was between zero and 10 percent. Thirty-six percent said that up to 5 percent of their company's cash is held outside the U.S., while 23 percent said that number was as high as 20 percent.

· Complexity of Compliance Poses Biggest Risk Related to Transfer Pricing: Tax professionals see complexity and workload as the biggest risk to their companies concerning transfer pricing practices (35 percent), followed by the adverse tax impact of legislative changes (17 percent) and reputational issues, such as bad publicity (6 percent).

"At a time when global corporate tax policy is more volatile than ever, this real-world perspective from tax professionals provides valuable insight into corporate strategy," said Joe Harpaz, managing director for the corporate segment for the Tax & Accounting business of Thomson Reuters. "These results show that, despite increased complexity and uncertainty, they continue to find ways to confront that challenge and manage day-to-day operations without causing material impact to their core businesses."

The Thomson Reuters Corporate Tax Department Pulse Survey polled 212 corporate tax department executives, half of which work at firms with $1 billion or more in revenue.

To learn more information about the Thomson Reuters Corporate Tax Department Pulse and read the full results, visit https://tax.thomsonreuters.com/products/brands/onesource/resources/corporate-tax-survey-results.

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