

# United States Senate

WASHINGTON, DC 20510

December 14, 2018

Mrs. Mary Teresa Barra  
Chairman and CEO  
General Motors Company  
300 Renaissance Center  
Detroit, Michigan 48243

Dear Chairman Barra,

We are deeply concerned about the recent actions by General Motors Company (GM) to close factories in the United States, at the same time that GM is expanding production in Mexico and buying back its own stock. We are writing to request information about how GM may be benefiting from new tax incentives for offshoring that were created by the 2017 tax act, and to ask that GM cancel further stock buybacks.

The 2017 tax act gave corporations a tax exemption for their foreign profits. It establishes a territorial tax system under which corporations pay a 21% tax on their domestic profits, but generally pay no U.S. taxes on foreign profits, unless profits are taxed under other provisions. While corporations often pay foreign taxes on foreign profits, many corporations artificially shift their profits into tax haven countries with extremely low rates. According to the Institute on Taxation and Economic Policy, GM has 13 subsidiaries in tax haven countries, including three in Switzerland.

The 2017 tax act was supposed to limit abuse of tax havens with a minimum tax on foreign profits known as “Global Intangible Low-Taxed Income,” or GILTI. But the GILTI tax rate is only 10.5%. So a corporation could pay the full GILTI tax rate, and still pay only half as much taxes on its foreign tax haven profits as it does for its domestic profits.

Even worse, corporations can actually reduce their GILTI tax liability by shifting even more of their factories, profits, and jobs overseas. Since the first ten percent return on foreign assets is tax free, there is an incentive in the law to increase offshore investment. Another major concern is that GILTI is not calculated on a country-by-country basis. If it were, then GM would only be able to reduce the GILTI tax on its tax haven profits to the extent that it actually paid taxes to those tax haven countries. Instead, the taxes GM pays in the foreign countries where it builds new factories can be used to reduce GM’s GILTI tax from the tax havens where it owns subsidiaries.

The 2017 tax act was rushed through Congress on a partisan basis without the public hearings or careful analysis that would have been necessary for real tax reform. As a result, taxpayers and businesses across the country are now asking Congress to fix the many glitches in the law, and more glitches continue to be discovered as the public studies this law.

GM workers in the United States have a right to know whether the federal government is giving GM a tax break for shipping jobs overseas. An informed public debate about international corporate tax policy requires more transparency from multinational corporations like GM.

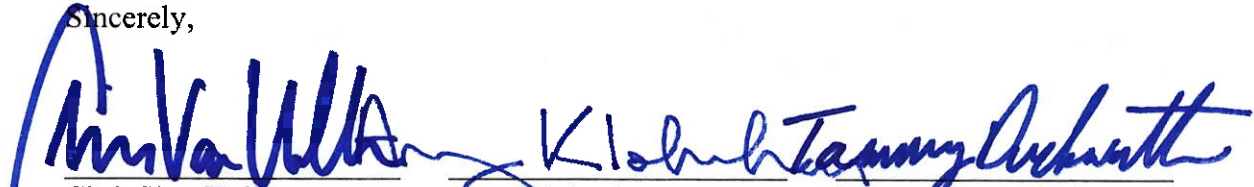
Therefore, we are calling on you to release your country-by-country financial reports. We need to understand how much GM can reduce its tax rate by expanding operations overseas while it closes factories here in the United States. This requires country-by-country information on GM's profits, taxes, employees, and tangible assets.

Large corporations like GM are already required to provide country-by-country reports to the IRS, so this request does not require significant additional work besides making those reports public.

Furthermore, we ask that GM cancel its planned stock buybacks. These buybacks make no sense, since GM's stated purpose for closing factories is to free up cash flow for investments in electric and autonomous vehicles. GM has spent \$10.6 billion on stock buybacks since 2015, and plans to continue these buybacks until it has spent \$14 billion. These buybacks give a windfall to GM's executives and stockholders, while diverting cash flow that GM could use to invest in electric and autonomous vehicles without laying off American workers.

GM will receive a huge tax cut under the 2017 tax act in the coming years, and American taxpayers saved GM in the wake of the Great Recession. We hope you will agree that the American people deserve some basic transparency from GM to understand why it is choosing to close plants in the United States even as it expands production in Mexico.

Sincerely,



Chris Van Hollen  
United States Senator

Amy Klobuchar  
United States Senator

Tammy Duckworth  
United States Senator