

Recommendations on how to help eliminate stateless income in the united states

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Changing From less Income Tax System to Territorial System less income tax planning in the context of American's Ersatz Territorial Tax system asserts that the lockout effect contemporarily operates in America. The American worldwide system taxes the domestic and foreign income of enterprises with the United States headquarters. I recommend that enterprises should adopt foreign tax credit system that foreign subsidiaries pay in other nations (Dittmer 1). The US tax laws, policies, and provisions should stipulate direct rules that directly enforce policies to eliminate stateless income policy. It, therefore, is recommendable that the American government should come up with these policies to eliminate stateless income policies. In addition, the government should employ independent and strict bodies with a mandate in ensuring the abolishment and elimination of the stateless system. American multinationals have an unfair advantage over foreign firms that are not multinationals. The unfairness may scare off potential investors. American multinationals have the capability of readily shifting profits out of high-tax foreign nations to low-tax nations. The shifting gives the American multinationals a competitive advantage in foreign markets over foreign firms limiting their operations in the home economy (Dubay 1). For this reason, a global tax consolidation solution that will help encourage investments among the states is a justified proposal. American government must strive to implement the system because profit shifting influences its economy negatively. U S. Government should improve source policies for distributing income. America should improve existing rules by determining the actual source of income. In addition, they should design improved interest expense deductions and transfer pricing policies. Multinational corporations can check

the box and essentially disappear from the American tax radar. Google's structure shows all these structure. Ireland Holdings, Google BV, and Ireland Limited are examples of corporations taking full advantage of documentation. Introduction of new strict policies and tax regulation policies is recommendable to eliminate stateless income system (Bando 14). The elimination through the new policies will be beneficial to America as a state. A territorial alternative incorporating fundamental design features to prevent profit shifting is a viable strategy to recommend. The new designs will help in eliminating stateless income in the United States. Designing the territorial system will require a lot more careful analysis though on limiting stateless income. It will entail completely overhauled set of transfer pricing rules and policies relying more on formulary methods. United state should initiate a base erosion system to aid elimination of stateless income within the state. Base erosion employs tax-planning strategies that exploit gaps and mismatches in the tax rules making profits disappear or shift to other dormant locations (Shaviro 3). American government should recruit qualified personnel proficient enough to probe and ensure the achievement of this objective. The state should enact strict licensing policies where all firms receive licenses based on signing a tax compliant act in the presence of lawyers. The licensing will regulate and limit the number of firms operating making the eliminations of the stateless income easier. In addition, this system will help the American government to monitor the business operations within the state and offer protection whenever needed. Works Cited Bando, Irfan. " Corporate International Taxation Reform: Should US move towards a Territorial Tax System." (2012). Dittmer, Philip. A Global

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