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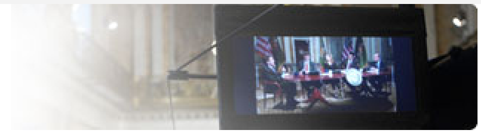

Remarks by Treasury Secretary Jacob J. Lew on a Press Conference Call Regarding Announcement on Corporate Tax Inversions

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As prepared for delivery

“Comprehensive business tax reform that includes specific anti-inversion provisions is the best way to address these transactions. While that work continues, I have been urging Congress to pass anti-inversion legislation, which is the only way to close the door on these transactions entirely. Now that it is clear that Congress won’t act before the lame duck session, we are taking initial steps that we believe will make companies think twice before undertaking an inversion to try to avoid U.S. taxes.

“Inversion transactions erode our corporate tax base, unfairly placing a larger burden on all other taxpayers, including small businesses and hardworking Americans. It is critical that this unfair loophole be closed.

“Today, in an important first step, Treasury is announcing targeted action to meaningfully reduce the economic benefits of corporate inversions, and when possible, stop them altogether. This action will significantly diminish the ability of inverted companies to escape U.S. taxation. For some companies considering deals, today’s action will mean that inversions no longer make economic sense.

“These are transactions in which a U.S. based multinational restructures so that the U.S. parent establishes a foreign tax domicile, in large part to avoid U.S. taxes. This shifting of a firm's tax address is not the same as a merger driven by business reasons, such as efficiency or expansion. These transactions may be legal, but they are wrong, and our laws should change.

“To be clear, genuine cross-border mergers make the U.S. economy stronger by enabling U.S. companies to invest overseas and encouraging foreign investment to flow into the United States. But these transactions should be primarily driven by genuine business strategies and economic efficiencies, not a desire to shift the tax residence of a parent company to a low-tax jurisdiction to avoid U.S. taxes.

“To address this, today’s action eliminates certain techniques inverted companies currently use to access the overseas earnings of foreign subsidiaries of the inverting U.S. company without paying U.S. tax.

“We’re also making it more difficult for companies to invert, by strengthening the requirement that the former owners of the U.S. entity own less than 80 percent of the new combined entity.

“We will continue to review a broad range of authorities for additional ways that Treasury can make inversions less economically appealing and are prepared to take additional action as that review continues.

“Today’s actions will make inversions substantially less economically appealing, but as I’ve said, there are limits to what we can do administratively, which is why it is incumbent upon Congress to pass anti-inversion legislation when they return in November.”

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