



WAYS AND MEANS

REPUBLICANS | KEVIN BRADY, REPUBLICAN LEADER

Bringing Back American Jobs Through IP Repatriation *Rep. Darin LaHood (R-IL)*

Thanks to the Tax Cuts and Jobs Act, America is once again open for business for innovative new products and cutting-edge technologies with lower business tax rates and a territorial tax regime.

The COVID-19 pandemic has encouraged America's companies to reconsider their dependence on international supply chains. They are seeking to bring production back home for a variety of non-tax reasons.

- **Our tax system is an obstacle** for those that own valuable patents, inventions, and production know-how outside the United States and want to bring this intellectual property (IP) back home.
- U.S. taxes make **bringing back valuable IP cost prohibitive** even when there are many non-tax reasons to do so.

The IP Repatriation Act unlocks the door for American companies that want to come back home.

- American companies can bring back their IP developed offshore without any immediate U.S. tax cost.
- Companies would still have to pay tax if they sold the IP in the future
- Could continue to hold and use formerly foreign IP within the United States to support U.S. production and associated research and development.
- Supports high-paying jobs in production and applied research and, ultimately, a higher standard of living for all Americans

How it works:

This would only apply to IP held on the date of enactment. Why?

- It encourages taxpayers to bring IP home in the near future
- It discourages further development of IP and migration of high-tech jobs outside the United States

This Act will help keep TCJA's promise to restore American competitiveness and grow our economy.