

Congress of the United States

Washington, DC 20515

July 2, 2024

The Honorable Janet Yellen
Secretary
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Yellen,

We are writing to urge you to continue your efforts to fully implement the 15% Corporate Alternative Minimum Tax (CAMT) that Congress passed and President Biden signed into law with the passage of the Inflation Reduction Act.¹ The CAMT is the first corporate tax increase in 30 years, poised to raise over \$220 billion from billion-dollar corporations over the next decade, and - as of March 2024 - over a dozen big corporations have voluntarily disclosed that they would be paying the tax based on their 2023 earnings.² However, the Treasury Department has a critical role to play in the implementation of the CAMT and must roll out strong and timely rules to ensure giant corporations begin paying their fair share.

For decades, corporations have exploited the loophole-riddled tax code to avoid paying taxes, shortchanging the government billions of dollars and imposing unfair fiscal burdens on the middle class.³ Most recently, the 2017 Trump tax bill slashed the corporate income tax rate from 35 to 21 percent and created new corporate loopholes, resulting in corporations paying a significantly reduced amount of income tax, or paying nothing at all.⁴ In the five years following the Trump tax cuts, 55 of the biggest corporations reported nearly \$670 billion in profits to their shareholders but paid less than 5 percent of those profits in taxes.⁵

¹ Inflation Reduction Act of 2022, H.R. 5376, <https://www.congress.gov/bill/117th-congress/house-bill/5376>.

² The Wall Street Journal, "Biden's 15% Corporate Minimum Tax Hits KKR, Blackstone, Whirlpool in the First Year", Richard Rubin, March 13, 2024, <https://www.wsj.com/politics/policy/bidens-15-corporate-minimum-tax-hits-krk-blackstone-whirlpool-in-first-year-de37376f>.

³ Institute of Taxation and Economic Policy, "Corporate Tax Avoidance in the First Five Years of the Trump Tax Law", <https://itep.org/corporate-tax-avoidance-trump-tax-law/>.

⁴ *Id.*

⁵ *Id.*

The CAMT represents a historic step to address corporate tax evaders, requiring that when companies report over \$1 billion in profits to their shareholders, they must pay at least 15 percent of those profits in taxes.⁶ This is a signature accomplishment of Congressional Democrats and President Biden, raising \$222 billion to fund critical investments in clean energy jobs and technology to combat climate change.⁷ Moreover, the President has made strengthening the CAMT a key part of his FY2025 Budget, proposing an increased rate of 21 percent, which would raise an additional \$137 billion.⁸

But in order to fully realize the gains from the CAMT, the Treasury Department and Internal Revenue Service (IRS) must act quickly to issue key rules. These rules are needed to address some of the complexities within the tax provision and proactively thwart off corporation-led efforts to frustrate the intent of the law.⁹ To date, the Treasury Department and IRS have issued some preliminary guidance on how to calculate a corporations' "adjusted financial statement income", (AFSI) and what factors should be considered in doing so.¹⁰ You have also received thoughtful comments from experts suggesting key guardrails and clarifications related to the rules for determining AFSI.¹¹ However, Treasury and the IRS have yet to release the proposed regulations that will resolve some of the outstanding considerations, having previously indicated that rules would be released in early 2024.¹²

⁶ Inflation Reduction Act of 2022, H.R. 5376, <https://www.congress.gov/bill/117th-congress/house-bill/5376>.

⁷ Joint Committee on Taxation, "Estimated Budget Effects Of The Revenue Provisions Of Title I – Committee On Finance, Of An Amendment In The Nature Of A Substitute To H.R. 5376, 'An Act To Provide For Reconciliation Pursuant To Title II Of S. Con. Res. 14,' As Passed By The Senate On August 7, 2022, And Scheduled For Consideration By The House Of Representatives On August 12, 2022," August 9, 2022, <https://www.jct.gov/publications/2022/jcx-18-22/>.

⁸ Department of the Treasury, "General Explanations of the Administration's Fiscal Year 2025 Revenue Proposals", March 11, 2024, <https://home.treasury.gov/system/files/131/General-Explanations-FY2025.pdf#page=247>.

⁹ Letter from Senator Elizabeth Warren to Secretary Janet Yellen, September 28, 2022, <https://www.warren.senate.gov/imo/media/doc/Letter%20to%20Sec%20Yellen%20on%20CAMT%20implementation.pdf>.

¹⁰ U.S. Department of the Treasury, "Treasury Releases Information on Corporate Alternative Minimum Tax", press release, February 17, 2023, <https://home.treasury.gov/news/press-releases/jy1284>; <https://www.irs.gov/newsroom/irs-and-treasury-provide-guidance-for-insurance-providers-on-alternative-minimum-tax-under-the-inflation-reduction-act>; Internal Revenue Service, "Additional Interim Guidance Regarding the Application of the Corporate Alternative Minimum Tax under Sections 55, 56A, and 59 of the Internal Revenue Code", December 15, 2023, <https://www.irs.gov/pub/irs-drop/n-24-10.pdf>.

¹¹ Letter from Tax Law Center at NYU Law to the Department of the Treasury, "Recommendations for Guidance on the Corporate Alternative Minimum Tax", September 28, 2022, <https://www.law.nyu.edu/sites/default/files/Tax%20Law%20Center%20Comment%20Letter%20on%20CMT%20Implementation.pdf>; Letter from Tax Law Center at NYU Law to the Department of the Treasury, "Additional Recommendations for Guidance on the Corporate Alternative Minimum Tax", December 6, 2022, https://www.law.nyu.edu/sites/default/files/Tax%20Law%20Center%20Comment%20on%20CAMT%20%2812-6-2022%29_508.pdf.

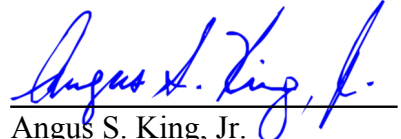
¹² Medium, "How to Drive 55: A CAMT Implementation Update", Kyle Sweeney, Duncan Hardell, Mike Kaercher, and Sophia Yan, March 22, 2024, <https://medium.com/@taxlawcenter/how-to-drive-55-a-camt-implementation-update-243636ce21bd>; Law360, "Corp. Min Tax Rules Expected In Early 2024, US Officials Say", <https://www.law360.com/tax-authority/articles/1777333>.

We appreciate your thoughtful work to implement this historic corporate tax legislation. We urge you to quickly issue strong regulations to implement the corporate minimum tax to ensure that the largest corporations begin to pay their fair share and respectfully request that you promptly brief our staff on the status of your work.

Sincerely,



Elizabeth Warren
United States Senator



Angus S. King, Jr.
United States Senator



Michael F. Bennet
United States Senator



Donald S. Beyer Jr.
Member of Congress