



Written by [Bob Adelman](#) on September 20, 2018

Nearly Half a Trillion Dollars Already Repatriated; More Coming

President Donald Trump said in an interview in July that untaxed corporate earnings held offshore used to be “\$2.5 trillion ... I guess it’s \$5 trillion now. Whatever it is, it’s a lot more. So we have anywhere from \$4 [trillion] to 5 or even more trillions sitting offshore.”

Thanks to Trump’s tax reform act and its related tax holiday, that number “sitting offshore” is now a lot less: almost half a trillion dollars less. In the first six months of 2018 alone, American companies [have called back \\$465 billion](#) of those untaxed corporate earnings from abroad.



In an attempt to denigrate Trump’s July statement, *Politifact* focused on just how much was being held overseas by American companies unwilling to pay the previously exorbitant 35 percent to bring them home. It was trying to show that Trump had once again exaggerated and overstated the numbers. But Manuela Tobias, writing the hit piece for *Politifact*, admitted that no such hard number exists: “We’ll start off by saying there is no public estimate on untaxed earnings overseas.” So Tobias instead looked at a line item often found on company balance sheets called “indefinitely reinvested earnings” and just assumed that represented those foreign untaxed earnings.

After quoting various sources which were also making guesses, Tobias concluded that the highest guess was \$2.8 trillion but “that could be off by a couple hundred billion dollars.”

What Tobias failed to focus on is what has already been repatriated, by whom, and for what purpose. *The New American* reported that Apple is already bringing the “vast majority” of its \$250 billion in foreign cash “over time” but not overnight. American technology giant Cisco has already brought back \$70 billion, while Eli Lilly & Co. has repatriated \$9 billion from overseas. United Technologies has moved more than \$5 billion from its overseas accounts, while Walmart just announced plans to repatriate \$5 billion in September alone to invest in its domestic operations.

According to the Federal Reserve, nearly all of the \$300 billion repatriated in the first quarter of this year went into capital investment, with just \$23 billion invested in stock buybacks. Anti-capitalist critics have complained that a large portion of funds repatriated are likely to go into bonuses for senior executives and purchases of company stock in order to benefit investors, leaving precious little on the table for their employees. In reality, those funds being returned are based on business decisions about the best use of capital and not just on tax ramifications. For instance, some companies with substantial profits held offshore, like Chevron and Archer Daniels Midland, have run the numbers and have decided to keep investing those profits overseas. After all, there are still some places in the world where capital can be invested more profitably than in the United States.



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Other companies are still waiting for the Internal Revenue Service to finalize the rules under which such repatriations can be made. And still others are finding that they can raise new capital through stock or bond offerings at lower cost instead of paying the 15.5 percent tax on those funds held overseas.

Let's not forget another benefit as the repatriation of billions from overseas continues apace: with a 15.5 percent repatriation tax rate, the U.S. Treasury is enjoying — and will continue to enjoy — this continuing windfall, amounting to billions that takes pressure off the U.S. taxpayer and reduces the demand on Treasury to issue new bonds to pay the government's expenses. To date, that windfall has generated over \$70 billion in new revenues and more will be coming into the Treasury as companies make business decisions on where best to invest their capital.

That flow of idle capital from abroad into new vastly more profitable projects here will continue to act as an "afterburner" for an economy already setting records on an almost daily basis.

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