



Written by [Bob Adelman](#) on December 27, 2019

One Trillion Dollars Repatriated So Far, Reports Commerce Department

According to the U.S. Department of Commerce American companies have repatriated [more than a trillion dollars of their overseas profits](#) since Trump's "tax holiday" was announced in 2017. As part of his Tax Cuts and Jobs Act corporate profits held overseas would enjoy a one-time levy of just 15.5 percent tax on profits held overseas instead of the punishing 35 percent rate that existed prior.



As Walter Wriston, former chairman and CEO of Citicorp, famously said, "Capital will always go where it's welcome and stay where it's well treated."

But forecasters at the Wharton School at the University of Pennsylvania weren't impressed. They predicted "that TCJA (Trump's Tax Cuts and Jobs Act of 2017) will raise [just] \$254 billion in revenue over the next ten years." Instead, Trump's tax law raised four times that amount in just two years.

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Naysayers reminded their followers that this is far short of what the president had promised, rather than focusing on the enormous benefits being enjoyed by capital being employed where it is "welcome," with benefits rippling outward.

Any decision to redeploy capital is multifaceted with the tax impact being just part of the equation. Other factors include: where is that capital currently being deployed? What kind of returns is it generating? Are there better opportunities abroad despite the "tax holiday" here? What are the costs of bringing that capital back to the United States? What are the potential returns from that redeployment? Can that capital be better redeployed into new plants and equipment, new technology and new labor-saving hardware and software here in the United States? Or are debt repayments and meeting regulatory capital reserve requirements abroad the controlling factors? Can capital be raised more cheaply through stock and bond offerings? Do state laws still tax repatriated foreign profits? And so on.

Some companies like Chevron and Archer Daniels Midland have taken foreign profits and put them to work in foreign factories, equipment and other assets that meet Wriston's criteria. Apple, on the other hand, is keeping its promise to repatriate more than \$250 billion of its profits held overseas just waiting for a time like this.

A trillion dollars is hardly chump change, and as it is being reinvested in the United States, the benefits are measurable and permanent. As the U.S. economy continues to expand while those abroad continue to languish, U.S. companies will look harder at the remaining estimated \$1.5 trillion still being held overseas. It will eventually migrate, as Wriston noted, to where it is treated best.

Photo: Pineapple Studio/iStock/Getty Images Plus

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