

Business Groups Sue Over New U.S. Limit on Tax-Driven Foreign Buyouts

Reuters is reporting that two business groups have sued the Obama administration over a crackdown on U.S. companies that try to reduce their U.S. taxes by rebasing abroad in a process known as inversion.

Plaintiffs in the suit filed in a federal court in Texas are the U.S. Chamber of Commerce and the Texas Association of Business. They claim that a U.S. Treasury Department regulation enacted in April exceeded the department's authority.

"The lawsuit was the first to challenge a rule on inversion," write **David Ingram** and **David Morgan**. "The deals are legal, but have drawn criticism from some politicians who say U.S. companies that do them are avoiding their tax obligations. A wave of inversions largely ended after Treasury moved against the deals."

The rule helped scuttle what had been a planned \$160 billion combination of Allergan and U.S. drugmaker Pfizer Inc in what would have been the largest inversion ever, the report says.

Read the article.