



daily journal quotes charles kolstad on merger inversions

Daily Journal

May 12, 2014

practice areas

tax and trusts & estates

MSK Partner Charles Kolstad was quoted in a May 12, 2014 *Daily Journal* article on the increase of merger inversions in recent years. Companies use inversions as a way to lower their corporate tax rates by moving their headquarters to a foreign country. President Barack Obama's 2015 budget proposal contains a provision aimed at making such moves more difficult if not impossible, though it is not expected to pass. Currently, U.S. corporations looking to move overseas through inversions must guarantee at least 20% of its shareholders reside in its new jurisdiction. The president's proposal would increase that number to 50%.

According to Kolstad, oil and gas drilling companies sparked the latest wave of inversions because of their substantial global operations and earnings. "It's the same with the big pharma companies," he added. "They generate significant profits from all over the world and they have [research and development] all over," making them prime candidates for inversion.