The Committee on Ways and Means
U.S. House of Representatives

INTERNATIONAL TAX REFORM WORKING GROUP
United States Steel Corporation Comments
April 12, 2013

United States Steel Corporation

United States Steel Corporation ("U. S. Steel") is an integrated steel producer of flat-rolled and tubular products with major production operations in North America and Europe. An integrated producer uses iron ore and coke as primary raw materials for steel production.
U. S. Steel has annual raw steel production capability of 29.3 million net tons (tons) (24.3 million tons in North America and 5.0 million tons in Europe). According to World Steel Association's latest published statistics, we were the thirteenth largest steel producer in the world in 2011.
U. S. Steel is also engaged in other business activities consisting primarily of transportation services (railroad and barge operations) and real estate operations.

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- The creation of a territorial tax that includes a tax on unrepatriated earnings should provide taxpayers the right to combine positive earnings and profits ("E&P") pools with negative earnings and profits pools in determining their combined unrepatriated earnings and profits.

Detailed Discussion

House Ways and Means Committee Chairman, Dave Camp, proposed a framework for international tax reform. The Camp Proposal includes a mandatory, up-front 5.25 percent tax on unrepatriated earnings. If enacted, the tax should be based on the total E&P and deficits of all controlled foreign corporations, rather than only on the E&P of those subsidiaries that have positive E&P. Taxpayers should be able to combine positive E&P with deficits to provide a more accurate representation of net foreign earnings.

Taxpayers with money invested in plant, property and equipment should not be subject to the tax on unrepatriated earnings. These relatively permanent investments are unlikely to ever be returned to the U.S. The tax should only apply to liquid assets.

Alternatively, the territorial tax should be elective, with the 5.25 percent tax on unrepatriated income only applying to taxpayers electing the territorial system.