



Democratic vice presidential candidate Sen. Joe Biden, D-Del. speaks during a rally at the Woodbridge Community Center in Woodbridge, Va., Tuesday, Sept. 23, 2008. (AP Photo/Steve Helber)



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Biden: McCain shielded offshore tax loopholes

By BOB LEWIS – 1 day ago

WOODBIDGE, Va. (AP) — Democratic vice presidential candidate Joe Biden said Republican John McCain protected offshore tax shelters worth billions of dollars to U.S. insurance giants.

In his second trip in four days to this battleground state Tuesday, Biden said McCain promised to oppose any efforts to close a "Bermuda loophole" where American companies shielded \$4 billion to \$7 billion from U.S. taxes.

By claiming their headquarters as Bermuda, Biden said, firms actually based in the United States can keep profits out of the reach of the Internal Revenue Service.

"They're skipping out on billions of dollars in taxes, and that money could be used to insure our children, ... to make sure the (Veterans Administration) is not underfunded, to rebuild bridges that are crumbling around the nation," Biden said.

Biden was referring to a provision of tax law that some insurance companies can use to wipe out much of their U.S. tax liability. The companies that issue fire, property and casualty insurance are allowed to establish a Bermuda office and transfer the premiums they collect there, treating them as business expenses. That creates a deduction that erases millions of dollars in taxable profits, costing the U.S. Treasury \$4 billion or more a year.

McCain spent three days in Bermuda in August 2007 meeting business and political leaders, and while there was quoted by the island's main newspaper, the Royal Gazette, as promising to defend tax breaks for insurance companies that locate there.

"The industry, the reinsurance that's had such phenomenal success has been good for both nations," McCain was quoted as saying in an Aug. 23, 2007 article. "I would oppose any measures that would upset that."

Biden's remarks echoed the claims Obama's campaign made in a new television ad it began running Tuesday attacking McCain on the nation's economic woes amid fears of a meltdown on Wall Street.

"We have a culture in Washington where the very few wealthy and powerful have a place at the table and everybody else is on the menu," Biden said.

Besides Biden's visit, Kansas Gov. Kathleen Sebelius was also in Virginia Tuesday pushing Obama's pocketbook message with town hall-style discussions in Richmond and Williamsburg.

Obama ramped up his efforts in Virginia as a new poll showed a close race between him and McCain in the state, which last backed a Democrat for president in 1964.

The Washington Post-ABC News poll of 698 likely voters showed Obama the choice of 49 percent to 46 percent who favored McCain when the race was presented as a one-on-one contest. The results were within the sampling error of plus or minus 3 percentage points.

Before about 200 hand-picked Democratic Party and labor union activists in usually conservative Prince William County, Biden continued to portray McCain as out of touch with middle class America, clueless about the economy and in lockstep with the Bush White House.

Biden said despite McCain's recent support for cracking down on corporate offshore tax breaks, McCain had once defended them.

"On the floor of the United States Senate, John spoke out against these offshore tax breaks not long ago. Then while he was in Bermuda, according to the Bermuda World Gazette ... he started singing a very, very different tune," Biden said

Paraphrasing the newspaper account, Biden said McCain promised a group of insurance industry executives and lobbyists he would block efforts to close the loophole. In

appreciation, Biden said, the industry gave McCain's campaign about \$50,000.

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