"It happens when a U.S. corporation takes over a foreign company and then— for tax purposes only—pretends to be based in the taken-over company’s country" which makes the corporation’s "taxable U.S. income lower than it would otherwise be" while continuing to be run from the U.S.

An unexpected blow to long-term shareholders who are hit with capital gains taxes while corporate executives escape taxation through special payments provided by the company.

Results in less tax revenue that leads to either spending cuts to public education, infrastructure, and R&D; or, higher taxes for everyone else, including small business.