



ASIA-PACIFIC COUNCIL OF AMERICAN CHAMBERS OF COMMERCE

August 7, 2009

Mr. John L. Buckley
Chief Tax Counsel
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear John:

On behalf of the Asia-Pacific Council of American Chambers of Commerce (APCAC), representing 27 American Chambers of Commerce in the region, I want to thank you, Chairman Rangel and your staff for your continued support of American competitiveness abroad. Although we unfortunately missed seeing you during our annual Washington, DC doorknock visit in June, we were able to discuss with Mr. Kase Jubboori the important issues facing Americans working and living overseas, particularly the Foreign Earned Income Exclusion, IRC section 911 issue.

As discussed with you previously, APCAC and its members are on the front lines of the global marketplace. On a daily basis we understand the need for U.S. policies to reflect the rapidly evolving trends of global commerce and the need to boost U.S. competitiveness abroad. Indeed, we are grateful for the continued work that Chairman Rangel has advocated this year to support international competitiveness. Many of these policies will provide U.S. companies with the tools necessary to compete on a more level playing field, and to ensure that our trading partners around the world do the same. Furthermore, we applaud Chairman Rangel's efforts to open a robust dialogue on the issue of comprehensive tax reform. As part of that tax debate, we respectfully urge you to consider proposals to bring greater equity to the tax treatment of Americans working and living abroad.

As you know, unlike most other industrialized countries, the U.S. imposes a tax on the income of its citizens regardless of where that income is earned. Americans working overseas are not only subject to the taxes levied by the country in which they reside and work, these individuals also are subject to additional U.S. taxes – a system that harms America's



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competitiveness by making foreign workers more economical and therefore more attractive to hire for overseas jobs – even for American companies. Section 911 of the Internal Revenue

Code attempts only to partly rectify this problem by excluding some income earned by Americans overseas.

I know you have been involved with the issue of section 911 for a number of years and are well aware of its recent history. But it seems many in Congress have forgotten the purpose of section 911 and its intended purpose. Two decades ago the General Accountability Office (GAO) produced an analysis of the competitiveness issues surrounding section 911. That report helped to inform Congress about the importance of section 911, and to generate support for policies that promote the competitiveness of American business outside the United States. Given the possibility that Congress may consider major tax reform in the near future, we believe it is time for the GAO to once again examine the tax treatment of Americans working overseas and its implications for American competitiveness. A request from Chairman Rangel along the lines of updating the previous study would be helpful to the Committee as it considers international tax reform for individuals and corporations, and would receive priority attention by GAO. We further understand that the Ways and Means Committee minority staff is willing to join in such a request. We respectfully encourage Chairman Rangel make such a request to GAO, for which we would be greatly appreciative. We have prepared a preliminary draft letter to GAO on this subject for your consideration, and would of course be willing to work with you to develop the request.

Again, we appreciate the support of Chairman Rangel, and under your leadership, that of your staff. We look forward to working with you on this issue and other important matters facing Americans overseas in the future.

Warm Regards,

Kristin Paulson
Chair

Attachment: Draft GAO Request Letter

cc: Mr. Kase Jubboori



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