

CHRIS CHOCOLA
2ND DISTRICT, INDIANA

ASSISTANT MAJORITY WHIP

COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON
SELECT REVENUE MEASURES

COMMITTEE ON THE BUDGET

510 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-3915
FAX: (202) 225-6798
<http://chocola.house.gov>

Congress of the United States
House of Representatives
Washington, DC 20515-1402

End Double-Taxation of Americans Overseas

July 24, 2006

Dear Colleague:

Unlike any other major industrial country, the United States operates under a world-wide tax regime, taxing all income regardless of where it is earned. Accordingly, Americans transferred overseas by their employers are subject not only to local taxes in the countries where they work, but also to U.S. taxes.

This treatment often makes it cheaper for U.S.-based firms to hire foreign workers rather than Americans when expanding operations overseas. In low-tax jurisdictions, for example, American firms might have to pay 30% more to employ a U.S. citizen than a national from another country with a less onerous taxation system.

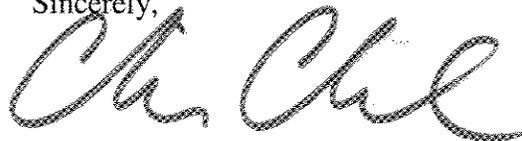
Section 911 of the Internal Revenue Code has mitigated the impact of world-wide taxation by allowing Americans living abroad to annually exclude up to \$82,400 of their foreign earned income from U.S. taxation. While the exclusion provides some relief, it still leaves anyone earning more than this at a substantial competitive disadvantage.

The *Working American Competitiveness Act* would end this practice by eliminating the cap on income that Americans working abroad can earn without being taxed twice. This change would make U.S.-based companies more competitive globally, bring U.S. tax practices in line with those of other industrialized nations, and increase job opportunities for American workers.

In fact, PriceWaterhouseCoopers estimates that removing the cap would increase the number of Americans working abroad by nearly 10,000 and increase U.S. manufactured exports by \$14.4 billion, supporting 137,319 domestic jobs.

The U.S. must strive to be the best place in the world to do business. The *Working American Competitiveness Act* plays a part by placing U.S.-based companies and their workers on a level playing field with other industrial nations. For additional information, or to become a co-sponsor of this bill, please contact Rich Dunn at 5-3915.

Sincerely,



Chris Chocola
Member of Congress

100 EAST WAYNE STREET
SUITE 330
SOUTH BEND, IN 46801
(574) 251-0596
FAX: (574) 251-1066

444 MALL ROAD
LOGANSPORT, IN 46947
(574) 753-4700
FAX: (574) 753-4730

CITY HALL
801 MICHIGAN AVENUE
LA PORTE, IN 46350
(219) 326-6216
FAX: (219) 362-3729