

Australian Taxpayers' Alliance
P.O. Box A2208
Sydney South NSW 1235
www.taxpayers.org.au
enquiries@taxpayers.org.au
(02) 8964 8651

**australian
taxpayers'
alliance**
fighting tax, regulation & waste

The Honourable Kevin Brady
Chairman, Ways and Means Committee
1102 Longworth HIB
Washington, D.C. 20515

Dear Chairman Brady,

I write to you on behalf of the Australian Taxpayers' Alliance, a 75,000+ member taxpayers' advocacy group standing for the interests of Australian taxpayers. I write in support of the ongoing efforts made by you and your colleagues to modernise the U.S. tax code to bring it in line with the demands and realities of the 21st century. We strongly support proposals to move to a territorial taxation system for corporations. However, we note that more can and must be done at this crucial time to make the most of the opportunity to enact meaningful, beneficial tax reform.

As the Administration and Congress consider a territorial tax system for United States corporations, they should also adopt a territorial tax system for American systems. This will reduce confusion that currently exists between the two systems, promote exports and American entrepreneurship and level the competitive playing field while creating jobs and investment that will benefit both citizens and companies.

As one of Australia's largest tax advocacy groups, we stand on the frontlines of commercial diplomacy in the country. Our affiliates have firsthand experience and key insights into the competitive challenges faced by American corporations and citizens who live and work in the Asia-Pacific region. While companies and individuals certainly face unique challenges in the global marketplace, the U.S.'s worldwide taxation system harms the competitiveness of both. As a result, it is confusing and even frustrating at times, that so much attention is focused on modernising the tax code for American businesses, especially through moving to a territorial tax regime, yet the same consideration is not paid to hardworking American citizens abroad. This reality deeply disadvantages American workers against their counterparts from every nation in the world. Given that the US Finance Committee has recognised these frustrations, this disparate treatment will only sow more confusion within a system that is already complex and will undermine the policy objective of encouraging American innovation and growth both domestically and overseas.

Australian-Americans living and working abroad face the challenge of a non-level playing field when competing for jobs with their foreign competitors. Companies are forced to pay a premium just to hire American workers to account for the additional tax obligations created by the U.S.'s worldwide taxation system. This gives Americans an unfair disadvantage in the job market even at U.S. companies, against foreigners who are less expensive to employ. Unsurprisingly, this has meant a continued reduction in the number of American citizens holding key management roles. This not only diminishes American influence and leadership, it also affects the natural procurement ties to U.S. goods which is a key factor in addressing the ongoing trade deficits the United States faces against many nations in the region. We believe that the wisest and most desirable way forward is to harmonise tax treatment between companies and individuals by shifting to territoriality.

The Australian Taxpayers' Alliance looks forward to remaining engaged with you and your colleagues on these crucial issues that impact American citizens living and working abroad. This is an important issue and should not be put off to a future tax reform effort.

Yours faithfully,



Satyajeet 'Satya' Marar – Director of Policy