

# LIBERTAD / y Progreso

July 30, 2018

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

Dear Chairman Brady,

On behalf of the Libertad y Progreso, and many Argentine-Americans investing in Argentina, I write in sincere support of you and your colleagues' ongoing efforts to modernize the U.S. tax code to meet 21<sup>st</sup> century demands and realities. We strongly endorse the proposal, among others, to shift to a system of territorial taxation for corporations.

However, at such a critical juncture, more can and must be done to ensure that tax reform reaches its maximum potential. Specifically, as the Administration and Congress consider a territorial tax system for the U.S. corporations, a territorial tax system for U.S. citizens should also be adopted. This will reduce confusion between the two systems, level the competitive playing field, promote exports and American entrepreneurship, and create more investment and jobs for U.S. companies and citizens.

Representing one of most active tax advocacy groups in Argentina, we sit on the frontlines of commercial diplomacy in the country. As such, our affiliates have firsthand experience and keen insights into the competitive challenges facing American corporations and American citizens living and working in Argentina. Certainly, companies and individuals face unique sets of challenges in the global marketplace.

However, the U.S.'s worldwide system of taxation directly impacts the competitiveness of both. Therefore, it is confusing, and at times frustrating, that so much attention is focused on bringing the tax code into the 21<sup>st</sup> century for American business - primarily via the shift towards a territorial tax regime — but not for hardworking American citizens abroad. Only the U.S. and Eritrea currently tax their citizens abroad - a reality that deeply disadvantages American workers against their counterparts from literally every country in the world. Noting the US Finance Committee's recognition of these frustrations, this disparate treatment only promises to sow further confusion in an already complex system and undermine the overarching policy goal of spurring American innovation and growth both domestically and abroad.

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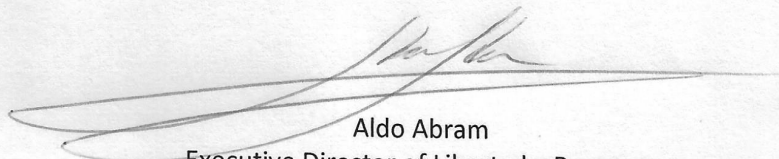
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Part of the challenge for Americans living and working abroad is the un-level playing field they face when competing for jobs with their foreign competitors. Specifically, companies must pay a premium to hire American workers in order to ameliorate the additional tax obligations arising from the U.S.'s worldwide system of taxation. The result is an un-level playing field as American citizens compete for jobs, including at U.S. companies, with foreigners who are less expensive to employ. And not surprisingly, the impact has been and continues to be a reduction in the number of American citizens in key management positions. Not only does this diminish American leadership and influence, it also impacts the natural procurement ties to U.S. goods, which is a key consideration in addressing ongoing trade deficits with many countries in the region.

We believe that the most prudent path forward is through harmonizing the tax treatment between corporations and individuals vis-a-vis a shift to territoriality. As discussions continue, Libertad y Progreso looks forward to staying engaged with you and your colleagues on these important issues impacting American citizens living and working overseas.

Finally, do not put this important issue off to a future tax effort.

Sincerely,



Aldo Abram  
Executive Director of Libertad y Progreso