



AMERICAN CHAMBER OF COMMERCE IN ALBANIA

The Honorable Orrin Hatch
Chairman, Senate Finance Committee
Washington, D.C. 20510

July 4th 2018

Dear Chairman Hatch,

On behalf of the American Chamber of Commerce in Albania (AMCHAM ALBANIA), I write in sincere support of you and your colleagues' ongoing efforts to modernize the U.S. tax code to meet 21st century demands and realities. AMCHAM ALBANIA strongly endorses 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 the largest Chamber of Commerce in Albania, AMCHAM ALBANIA sits on the frontlines of commercial diplomacy in the country. As such, our members have firsthand experience and keen insights into the competitive challenges facing American corporations and American citizens living and working in Albania. 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 21st 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 Finance Committee's recognition of these frustrations,¹ 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.

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 — a fact evidenced by many AmChams in the world-wide not even having enough Americans to fill their board. 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.

AMCHAM ALBANIA believes 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, AMCHAM ALBANIA 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. AMCHAM ALBANIA has been advocating for territorial treatment of American citizens abroad for years and we must not miss this current opportunity to solve this important issue.

Please be assured of our best wishes and warmest personal regards.

Sincerely,

Mark C. Crawford
President of the Board of Directors

¹ The Finance Committee's International Working Group report highlighted that over 7.6 million American citizens are currently living abroad and that nearly three-quarters of the 367 submissions made to the international work group focused on the tax treatment of these individuals - specifically citizenship-based taxation, the Foreign Account Tax Compliance Act (FATCA), and the Report of Foreign Bank and Financial Accounts (FBAR). The report went on to provide an overview of these topics, but does not offer a comprehensive plan or specific proposals for overhauling the taxation of individual Americans living and working abroad, although it stated the Committee would "carefully consider the concerns articulated in the submissions moving forward."