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Wyden Statement at Finance Committee Markup of U.S.-Taiwan Tax Bill

As Prepared for Delivery

The Finance Committee has convened today to vote on bipartisan tax legislation, the U.S.-Taiwan Expedited Double Tax Relief Act. This legislation relieves double taxation on investment between the United States and Taiwan, strengthening our nations' partnership.

Today's legislation has been developed jointly by myself and Ranking Member Crapo, along with Ways and Means Chairman Smith and Ranking Member Neal. For months leading up to today, the four of us have been working arm-in-arm to get this done. I want to thank all three of my colleagues for their strong support.

It is not every day that the bipartisan leadership of both tax-writing committees are in such lockstep on tax legislation. But it is not every day that legislation is so clearly to the benefit of both American workers and America's national security.

Let me highlight the reason why this bill has generated such strong bipartisan support. First and foremost, the momentum behind this proposal comes from the fact that the United States Senate, on a bipartisan basis, fully supports strengthening our economic partnership with Taiwan.

Taiwan is a critical trading partner. For example, there are deep ties between Oregon and Taiwan, developed through decades of trade along the Pacific rim. Oregonians understood the importance of supporting Taiwan long before the rest of the country.

The Senate recently demonstrated its strong support for Taiwan when it unanimously passed the first trade agreement signed under the U.S.-Taiwan Initiative on 21st-Century Trade.

This legislation is part of a plan for strengthening America for generations to come, by supercharging chipmaking here in America. Last year, we passed the CHIPS Act, which provides \$72 billion in support for the industry. This includes \$24 billion in the new chips tax credit to support fab construction here in America.

Taiwan is a critical partner in this venture. Over the last five years, \$45 billion was invested in the U.S. from Taiwan in the semiconductor sector, and tens of billions more are anticipated as the CHIPS Act begins to take effect. This supports thousands of good paying jobs across this country.

To ensure that our country continues to grow these investments in America, relief of double taxation between the U.S. and Taiwan is an important next step. We do not want these investments to fall through or go to other countries because we are not providing double-tax relief. This is the same type of double-tax relief we provide to other major trading partners, and other countries are providing double-tax relief to Taiwan already. We cannot allow double-tax issues to hamper any growth in our domestic semiconductor industry, and the bill that Senator Crapo and I put forward solves those issues.

For U.S. workers who need to occasionally travel abroad, our bill can provide real tangible benefits too. Let's say someone from Portland needs to go to Taipei for three weeks as part of their job training – right now, they may have to file a Taiwanese tax return and deal with all sorts of U.S. tax-filing headaches. Once we get this done, they can go to Taiwan for short stays, do their job, come home, and not worry a bit about all that.

There is no time to waste. That is why our bill put double-tax relief on the fast-track. By putting double-tax relief directly into the tax code, if things go well, we are talking months, not years, for that relief for U.S. workers, U.S. investments, and U.S. companies.

Not only is Taiwan a critical trading partner; it is a democracy that shares our values and faces a growing threat.

The Chinese Communist Party continues its efforts to intimidate and isolate Taiwan through diplomatic and economic coercion and through the use of force. China has been ratcheting up its military capabilities along Taiwan's coastline, from updating its military bases near the Taiwan Strait to sending warships and warplanes near the island on a daily basis. These aggressive activities affect the United States and our allies. As a global leader in manufacturing semiconductors – the chips used in TVs and iPhones, but also in advanced weapons and military equipment – Taiwan plays a key role in the security of democratic nations. Taiwan also plays a critical role in our efforts to help secure strategic supply chains and spur cross-border investment beyond adversarial nations.

Beijing's activities in the region could lead to global disruptions in trade, investment, and finance. As cross-strait tensions increase, the United States Congress must work to help stabilize the region and prevent conflict. Building up our economic relationship with Taiwan is a crucial component of this work.

Members across this committee have been strong friends of Taiwan, and on this issue, no one has been stronger than Senator Menendez as chairman of the Senate Foreign Relations Committee. Senator Menendez and I are working together on a framework to achieve the goals being discussed here. I've had a long and strong partnership with Chair Menendez working on our committee's shared priorities in the past, and I appreciate his work on this issue as well.

Our unique relationship with Taiwan requires a unique approach to double-tax relief as well. It is novel, but more importantly, it is fast. If Congress can get this done, Americans will see more shovels in the ground, more semiconductors coming off the factory line, and more good paying jobs. I hope everyone on the Finance Committee will support it.

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