



we wear® jobs

April 15, 2015

The Honorable Chuck Schumer
Senate Finance Committee International Tax Working Group
322 Hart Senate Office Building
Washington, DC 20510

The Honorable John Thune
Senate Finance Committee Business Income Tax Working Group
511 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Ben Cardin
Senate Finance Committee Business Income Tax Working Group
509 Hart Senate Office Building
Washington, DC 20510

The Honorable Rob Portman
Senate Finance Committee International Tax Working Group
448 Russell Senate Office Building
Washington, DC 20510

**RE: Request for Input to Senate Finance Committee Business
Income Tax Working Group and International Tax Working Group**

Dear Senator Schumer, Senator Thune, Senator Cardin, and Senator
Portman:

We are writing in response to your request for comments on
substantive ideas to reform the U.S. tax code. Several of our apparel
and footwear member companies submitted comments which are
summarized in the following points:

- The U.S. corporate tax rate must be reduced. A corporate tax rate of 25 percent or less would bring the United States to a rate closer to that of other developed economies, leveling the playing field.
- The U.S. should move closer to a territorial taxation system, whereby income is taxed in the jurisdictions it is earned.
- Repatriated overseas earnings should be taxed at a lower rate than the regular corporate tax rate. A U.S. tax on repatriated

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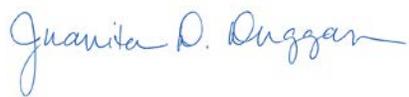
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foreign earnings at a rate of 5 percent would allow flexibility for bringing corporate income earned overseas back. The current harsh tax penalty for repatriation should be lessened greatly.

- The Last-In, First-Out (LIFO) inventory method must be preserved. Requiring LIFO users to recapture taxable income under LIFO reserves will result in an extreme retroactive tax increase. A reduction in the tax rate would not compensate for the detrimental effects of LIFO repeal.
- Any comprehensive tax reform must include reform of pass-through companies, such as S corps and LLCs.

Thank you for attention to this important issue. Please feel free to direct any questions to David Lapidus of my staff at DLapidus@wewear.org.

Sincerely,

A handwritten signature in blue ink that reads "Juanita D. Duggan". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Juanita D. Duggan
President and CEO
American Apparel & Footwear Association