

**March 17, 2015**

The Honorable Orrin Hatch  
Chairman  
Senate Committee on Finance  
United States Senate  
219 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Ron Wyden  
Ranking Member  
Senate Committee on Finance  
United States Senate  
219 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Rob Portman & Charles Schumer  
Co-Chairs, Working Group on International Tax  
Senate Committee on Finance  
United States Senate  
219 Dirksen Senate Office Building  
Washington, DC 20510



**Dear Chairman Hatch, Ranking Member Wyden, and Senators Portman and Schumer:**

International tax reform profoundly affects American businesses of all sizes and the workers they employ. And although the task is unquestionably difficult, the urgency to act and fix one of the most glaring problems in our tax code cannot be overstated.

Subsequently, we are encouraged that the Finance Committee recognizes the importance of such reforms and we look forward to seeing the solutions you set forth later this year.

In anticipation of your analysis and recommendations in this area, we would respectfully like to share our views on the issue and emphasize the high importance of this legislative priority.

### **The Importance of International Tax Reform**

Our international tax laws haven't been updated in more than half a century. Since then, the global economy has changed, competition has grown, and our trading partners have aggressively enacted forward-looking reforms in pursuit of long-term economic growth; meanwhile, our tax code remains stuck in the status quo.

As a result, the United States lags in competitiveness—a sobering reality illustrated by two facts: (1) American companies face the highest statutory tax rate among OECD countries and (2) the United States is the only G-8 country that taxes globally-engaged, domestic companies twice—first abroad, then at home—on overseas earnings.

Worse yet, U.S. workers are placed at a global disadvantage, American companies are discouraged from maintaining their headquarters here, and our domestic economy loses a significant amount of capital investment (approximately over \$2 trillion in potential investment).

We want to ensure continued economic growth, job creation, and innovation in today's highly competitive global marketplace. We believe this can best be accomplished by modernizing our outdated international tax system.

## **Our Principles for Reform**

Let's Invest for Tomorrow (LIFT) America is a coalition of U.S.-headquartered companies, trade associations, and economic stakeholders representing industries that are critical to the American economy.

In that spirit, LIFT believes that bipartisan, comprehensive tax reform must incorporate certain core principles and accomplish the following:

- Modernize our international tax system by eliminating the double layer of taxation on overseas earnings that currently prevents that capital from being freely invested in the U.S. economy.
- Simplify the tax code and make reforms permanent, providing the certainty needed to make America the world's most attractive place to locate and build a business.
- Protect the U.S. tax base by creating clear, manageable standards for globally engaged U.S.-headquartered companies who pay taxes at home and abroad.
- Apply revenues generated by tax reform to the reduction of the U.S. corporate tax rate, as well as the costs associated with transitioning to a modern international system.
- Utilize scoring rules that take into account the reality of the pro-growth benefits of tax reform on the U.S. economy and more specifically for American workers.

## **The Road Ahead**

Additionally, as tax reform is inherently a complex political issue that can get pulled in many directions by different stakeholders, we feel compelled to point out what does not represent real tax reform:

- Lowering rates without making essential changes that would improve the underlying competitiveness of the tax code.
- Mandating additional taxes and compliance burdens on U.S. businesses, both large and small.
- Moving the United States further away from global norms on international taxation.
- Using revenue gained from repatriated overseas earnings of American companies toward one-time spending projects, regardless of their independent merits.

Simply put, real tax reform involves permanent solutions, not short-term, expedient fixes. Fortunately, this can be achieved. We know because we've seen it work in other major economies such as Canada, Japan, and the United Kingdom. We believe it's our turn.

The question now before the Finance Committee isn't whether or not tax reform is needed, but how and when we can do it.

We look forward to seeing the working group lead the bipartisan effort to move the United States closer to 21st Century norms for global taxation and remove barriers that prevent foreign earnings from being invested in the American economy.

Sincerely,

LIFT America Coalition

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Let's Invest for Tomorrow (LIFT) America is a coalition of U.S.-headquartered companies, trade associations and economic stakeholders representing industries that are critical to the American economy. To ensure continued economic growth, job creation and innovation in today's highly competitive global marketplace, the coalition supports tax reform that modernizes the U.S. international tax system to the benefit of all Americans. Learn more at – [www.LIFTAmericaCoalition.org](http://www.LIFTAmericaCoalition.org).