



## AMERICANS *for* TAX REFORM

Grover G. Norquist  
*President*

July 29, 2008

Dear Congressman:

I write today to urge you to co-sponsor H.R. 6614, the “American Tax Fairness Act of 2008,” a bill which would repeal the double taxation of foreign earned income. Since H.R. 6614 would go a long way toward a fundamental tenet of tax reform—territoriality—co-sponsorship of this legislation is particularly important for pro-growth Congressmen.

Under the United States’ worldwide tax regime, U.S. taxpayers often face double taxation on income earned overseas. Besides having to pay income tax to a foreign nation, the U.S. taxpayer is also liable to pay U.S. income tax on the same income.

In order to ameliorate this burden for U.S. wage earners and entrepreneurs working overseas, Congress created the foreign earned income exclusion, which allows some (but not all) foreign earned income to be excluded from U.S. income taxation if certain conditions are met. As a matter of principle, all of this income should be excluded from U.S. taxation, since it has already been exposed to foreign income tax. This treatment, in fact, is nearly uniform in the rest of the world.

H.R. 6614 would fully-conform U.S. income tax treatment of foreign earned income to the common practices of our trading partners. Assuming a taxpayer meets the time conditions, 100% of foreign earned income would face taxation only in the nation where it is earned. This common-sense and pro-competitiveness measure is vitally needed not only for international tax equity, but to encourage companies from all around the globe to hire American workers. **Put simply, the U.S. tax code puts our own labor force at a critical disadvantage in the competitive global marketplace.**

Importantly, H.R. 6614 directs the Secretary of the Treasury to conduct a comprehensive review of U.S. international tax law, and to make a formal recommendation to Congress. It’s high time that the U.S. adopted a territorial tax regime to conform our laws to that of the rest of the international tax community. Failure to do so leaves us uncompetitive—meaning lost jobs and capital for the United States.

If you have any questions, please contact Ryan Ellis in my office at [rellis@atr.org](mailto:rellis@atr.org).

Sincerely,

Grover Norquist

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