



# Media Release

**For Immediate Release**

## **NEW CAUCUS FOR AMERICANS ABROAD APPLAUDED**

**Singapore, March 12, 2007:** The American Chamber of Commerce in Singapore today applauded the establishment of an Americans Abroad Caucus within the U.S. Congress. The Caucus will be a six-member, bi-partisan caucus focused on issues affecting American expatriates.

Mr. Dom LaVigne, Executive Director, AmCham Singapore, said the caucus was a long overdue, but welcome development. "This is a major step forward that we hope will allow the concerns and contributions of Americans working abroad to be recognized," he said. "We particularly hope the Caucus will take up the issue of the inequitable taxation of Americans working abroad.

"The expatriate population is sizeable and makes a significant contribution to both the U.S. economy and to perceptions of the U.S. abroad. Our members in Singapore and all U.S. expatriates around the globe are serving the nation's interests as U.S. ambassadors. This is often not recognized back home in the U.S., nor has there been much understanding or interest in the concerns and difficulties faced by expatriates. This was particularly apparent when the taxation of Americans abroad was increased last year without any consultation" he said.

There are an estimated four to six million Americans living and working overseas.

The Tax Increase Prevention and Reconciliation Act (TIPRA), passed in May 2006 by the U.S. Government and retroactive to January 1, 2006, increases the taxation of Americans working and living abroad. In addition to increasing the tax burden on American expatriates, high housing costs, much of which previously could be excluded from the computation of U.S. tax, will now be treated as a taxable benefit and taxed often at 30 to 35 percent.

"No other developed country imposes such onerous taxation on the earnings of it's workers abroad" said Mr. LaVigne. "Taxing U.S. citizens is both inequitable to the expatriates and bad for the U.S. economy. American businesses abroad increase U.S. exports and U.S. employment. Discouraging Americans from working abroad will negatively impact the exports of U.S. goods and services which are so critical to the U.S. economy and which create hundreds of thousands of jobs in the U.S."

A 2005 PriceWaterhouseCoopers study estimated that removing the cap on the foreign earned income exclusion would increase U.S. manufactured exports by US\$14.4 billion supporting 137,319 domestic jobs in the U.S.

A survey of the AmCham Singapore membership conducted during October and November 2006 indicated that nearly 40% of those responding to the survey were considering relocating back to the U.S. as a result of changes to the U.S. taxation of Americans abroad. Over half also believed the tax changes would affect their employer's future hiring decisions, as Americans became less attractive to employ compared to workers from other countries. The survey was sent to 585 members and received 144 responses, representing a response rate of 24.6%.

AmCham represents an estimated S\$50 billion of investments in Singapore and the region.

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