



## Media Release

For Immediate Release  
November 29, 2006

### AmCham Survey –Tax Changes Bite Many Expats Consider Relocation, Expect Companies to Hire Fewer Americans

Singapore, November 29, 2006: Nearly 40% of American expatriates responding to a survey are considering relocating back to the U.S. as a result of changes to the U.S. taxation of Americans abroad. Over half also believe the tax changes will affect their employer's future hiring decisions, as Americans become less attractive to employ compared to workers from other countries.

AmCham Executive Director, Nicholas de Boursac, said the results were disturbing but not unexpected. "These tax changes are disastrous for Americans abroad and for American business. No other developed country imposes such onerous taxation on the earnings of it's workers abroad and our members are seriously concerned about the financial impact on them and whether it is worth remaining overseas selling American goods and services" he said.

"For many the true impact of the tax changes has not yet even begun to sink in. Some will only realize the full impact as 2006 personal tax returns are completed in March and April 2007".

AmCham surveyed its membership of American expatriates to gain a better understanding of the impact of U.S. tax changes on Americans abroad. The survey was conducted during October and November 2006 and surveyed 585 members, receiving 144 responses. This represents a response rate of 24.6 percent.

"Many companies possibly do not yet realize the impact either" said Mr. De Boursac, "as over 90% of our surveyed members indicated that their companies had not yet issued any guidance to them on the tax changes".

The financial impact will be felt most by those American expatriates who are not tax-equalized and whose employers do not absorb the additional tax impost. Sixty six percent of those surveyed are not tax-equalized. Of this group, 30 percent expect a tax increase of between US\$5 000-15 000, while a third expect increases of more than US\$15 000.

Americans who will not be financially impacted directly because their employers will make up any difference under tax-equalization arrangements will also be affected because they will become more expensive for their employers to continue to hire. "Basically, employers will hire Australians, Canadians or Europeans who do not cost as much as Americans" said Mr. de Boursac.

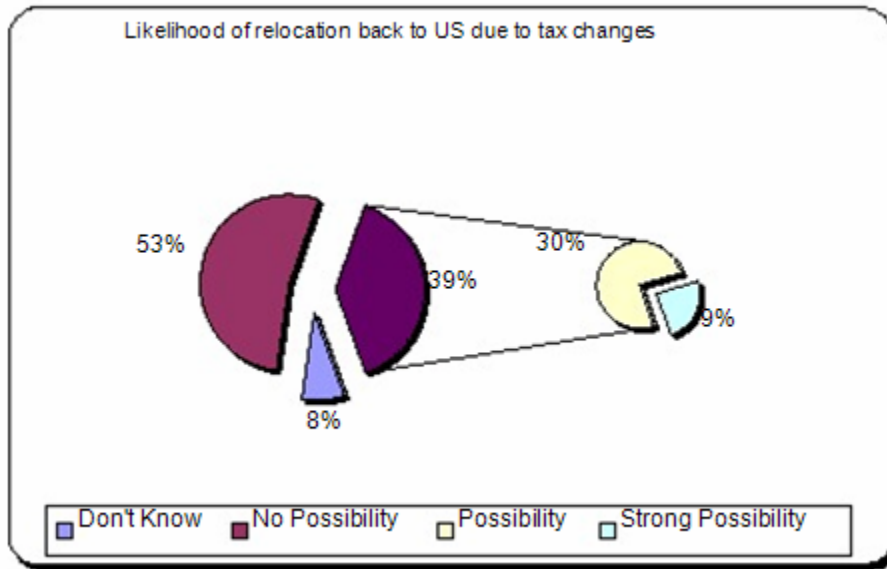
"As well as being inequitable to Americans abroad, these tax changes are just bad policy. By making Americans more expensive to hire, it will mean fewer Americans working abroad. This will be bad for U.S. exports and U.S. businesses, ultimately reducing U.S. global competitiveness".

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.

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

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## Key Survey Results



### 1. Which of the following employment conditions apply to you?

Tax equalization/protection package		48	33%
Local package, no benefits paid separately		46	32%
Expatriate package with no tax equalization/protection component		28	19%
Total compensation less than US\$95,000 per year		4	3%
Self-employed and earn more than US\$95,000 per year		15	10%
Other, please specify <a href="#">View Responses</a>		3	2%
<b>Total</b>		<b>144</b>	<b>100%</b>

### 6. Has your employer issued any guidance to employees regarding the tax changes? (please give details if you answer YES)

Yes		12	8%
No		130	92%
<b>Total</b>		<b>142</b>	<b>100%</b>

[View 14 Responses](#)

### 8. Do you think the tax changes will affect your employer's hiring decisions? (please give details if you answer YES)

Yes		74	52%
No		67	48%
<b>Total</b>		<b>141</b>	<b>100%</b>

[View 60 Responses](#)

**Which of the following employment conditions apply to you?**

	Total*	How much do you think the tax changes will impact you financially?								
		Not at all	Increase by less than US\$5,000	Increase by US\$5,001 - US\$10,000	Increase by US\$10,001 - US\$15,000	Increase by US\$15,001 - \$US20,000	Increase by \$US\$20,001 – US\$25,000	Increase by more than US\$25,000	Don't know	If increase more than US\$25,000, please specify.
	141	31	17	24	14	20	9	2	19	5
Tax equalization/protection package	48 34.0%	22 71.0%	5 29.4%	4 16.7%	5 35.7%	2 10.0%	1 11.1%	0 0.0%	8 42.1%	1 20.0%
Local package, no benefits paid separately	46 32.6%	5 16.1%	0 52.9%	13 54.2%	4 28.6%	7 35.0%	4 44.4%	1 50.0%	3 15.8%	0 0.0%
Expat package with no tax equalization/protection component	28 19.9%	0 0.0%	2 11.8%	6 25.0%	3 21.4%	7 35.0%	4 44.4%	0 0.0%	3 15.8%	3 60.0%
Total compensation less than US\$95,000 per year	4 2.8%	1 3.2%	0 0.0%	1 4.2%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	2 10.5%	0 0.0%
Self-employed and earn more than US\$95,000 per year	15 10.6%	3 9.7%	1 5.9%	0 0.0%	2 14.3%	4 20.0%	0 0.0%	1 50.0%	3 15.8%	1 20.0%
Other, please specify	3 100.0%	1 100.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	1 100.0%	0 0.0%	1 100.0%	0 0.0%

**How much do you think the tax changes will impact you financially? (non tax equalized respondents only)**

Not at all		10	10.4%
Increase by less than US\$5,000		12	12.5%
Increase by US\$5,001 - US\$10,000		20	20.8%
Increase by US\$10,001 - US\$15,000		9	9.4%
Increase by US\$15,001 - \$US20,000		18	18.8%
Increase by \$US\$20,001 – US\$25,000		9	9.4%
Increase by more than US\$25,000		6	6.3%
Don't know		12	12.5%
Total		96	

**Survey Methodology and Response Rate.**

- The survey was a web-based, self-administered survey and was emailed to 585 American members of AmCham.
- There were 144 respondents to the survey, representing a response rate of 26.5%.
- Not all respondents answered all survey questions.
- Data collection period: 15 October 2006 to 17 November 2006