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## **NFTC Opposes Revenue Offset Provisions Included in Tax Extender Legislation**

*Argues Proposals will Undermine Competitiveness of Worldwide American Companies*

Washington, DC – The National Foreign Trade Council (NFTC) today released a position paper detailing its opposition to the revenue offset provisions included in the extender legislation being considered by Congress. The paper, which expresses support for the inclusion of the look-through rule and subpart F provisions that expired last year, focuses primarily on three international tax provisions which would undermine the competitiveness of worldwide American companies – the foreign tax credit splitter provision, the Section 338 covered asset acquisition proposal and the limitation on the use of Section 956. The NFTC argues that these proposed changes to the U.S. international tax system, to be applied retroactively, are unfair and will make it more difficult for worldwide American companies to compete internationally.

In the NFTC paper sent today to all members of the House Ways and Means and Senate Finance committees, the association stated the following:

*“...The revenue offsets included in the extender legislation were developed in closed door meetings without input from the affected taxpayers. The U.S. international tax rules are complex and increasingly out of step with the rest of the world. These new revenue proposals will make American businesses less able to compete in foreign markets, will subject them to double taxation, and as a result may have significant negative consequences on worldwide American businesses and their U.S. employees.*

*“...In addition, the provisions are retroactive and will affect taxpayers who have relied on long standing rules in the tax code in doing their tax planning. Taxpayers need to be able to rely on certainty of tax rules when making business decisions, and the retroactive application of adverse tax changes is unfair and will make it more difficult for American worldwide companies to compete in the global marketplace.*

*“...These international tax revenue raisers should be thoughtfully considered only in the context of tax reform rather than as piecemeal permanent revenue raisers for short term extensions of expiring tax provisions.*

*“...The effective dates included in the legislation penalize taxpayers who have acted in good faith and who have relied on the current tax code in planning their transactions. If Congress unadvisedly enacts these proposals without careful deliberation of the long term ramifications, it should at the very minimum make the effective date of these proposals prospective for*

*taxable years beginning on or after December 31, 2010. Otherwise, American companies would unfairly face retroactive tax increases that would break long-standing tax policy that strongly favors making tax increases prospective only.”*

To read the full paper, please click here. [NOTE: “Here” will be linked to a PDF of the paper.]

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