



October 19, 2017

The Honorable Kevin Brady
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Brady:

Financial Executives International's (FEI) Committee on Taxation is writing to express its support for the tax reform provisions outlined in the unified tax framework released on September 27, 2017, and to urge Congress to enact comprehensive, pro-growth tax reform.

FEI is a professional association representing the interests of more than 10,000 chief financial officers, treasurers, controllers, chief tax officers, and other senior financial executives from over 8,000 major companies throughout the United States, Canada, and Japan. FEI represents both the providers and users of financial information. FEI's Committee on Taxation formulates tax policy for FEI in line with the views of the membership. This letter represents the views of the Committee on Taxation.

Although it has been 31 years since Congress enacted the Tax Reform Act of 1986, there is currently widespread agreement that comprehensive tax reform is once again needed. This Congress has a unique opportunity to modernize the tax code and enable U.S. businesses to thrive while competing globally.

As a collective of both decision-makers in the business arena and experts in taxation, we would like to highlight some of the business provisions of the framework and their associated benefits:

- **Reduced corporate tax rate:** The proposed 20% corporate tax rate would put the U.S. below the OECD average, would make domestic investment more attractive, and would incentivize companies to perform high-profit activities and create new jobs in the United States. We further encourage Congress to make this rate effective immediately rather than phasing it in over a number of years.
- **Territorial tax system:** Although more detail is required to further evaluate the international tax rules, we are encouraged by the desire to replace the current worldwide tax system with a territorial system for the taxation of foreign source income. This shift would align the United States with the rest of the world and would eliminate the "lock-out" effect for cash held overseas.
- **Reduced rate on repatriated foreign earnings:** Providing a reduced rate for foreign earnings that have accumulated offshore would allow additional opportunities for U.S. companies to invest in the United States. Furthermore, providing a lower tax rate for accumulated earnings that have been reinvested passively in illiquid assets provides appropriate relief for companies that have

used foreign cash to make bona fide business investments, and have appropriate rules for financial service companies.

- ***Preservation of the R&D credit:*** Affirming support for the research and development credit provides certainty that businesses would be rewarded for developing technological advancements in the United States and for maintaining and expanding the high-skilled research jobs (and the directly associated manufacturing jobs) that drive this economic investment. We further encourage Congress to increase the Alternative Simplified Credit from 14% to 20%.

More broadly, we support efforts that simplify the code and encourage individual saving and capital investment. Additionally, since a major shift in tax policy could have a negative impact on some industries and companies and create uncertainty, appropriate transition relief should accompany these fundamental reforms.

With the release of the unified tax framework in September, we are one step closer to achieving tax reform, and urge you to capitalize on the opportunity this year.

While each of our organizations will advocate for their specific priorities throughout the legislative process, we all agree that tax reform will stimulate economic growth by encouraging business investment and job creation.

The Committee on Taxation appreciates your efforts on tax reform and looks forward to working with you to advance legislation that advances our goals. We welcome the opportunity to discuss these issues further with you and your staff.

Thank you for your consideration of our views.

Sincerely,

Committee on Taxation
Financial Executives International

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